

EUROPEAN NEWS

Spain's EEC negotiator pointed

BY GUY GORDON

MADRID, Feb. 13.

CREATION of a new main

post for Spain's chief

negotiator with the European

Community has been

announced by the Spanish

Government. On Friday,

Mr. Calvo Sotelo, the

Minister of Foreign

Affairs, said that the

Government had given

the strong commitment

to the Community by the

signature of the 1977

Treaty. In any

case, the delay in

the main problems, it

has been inter-ministerial

negotiations over who should

be the negotiator.

Although Mr. Calvo

will report direct to Mr.

Sotelo, there will also be a

special committee of

which will be the

vice-president and the

Minister, Mr. Marcelino

president.

Calvo Sotelo, aged 51, is

known as being close to

the Minister. He was the

man who had led the

groupings of the Right

into the UCD party

which won the June

elections.

The

Commission set

in Holland

Charles Batchelor

AMSTERDAM, Feb. 13.

DUTCH lower House of

Representatives has

appointed a

committee to

investigate claims

that the Government

has taken advantage

of its knowledge of

a change in the

law. It is expected

that the committee

will report in

about two months.

The

decision to set up the

committee came after

senior tax

authorities claimed in

a letter to the

Minister of Finance

that the Government

had improperly

used its knowledge

of the change in

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Threat of harder line by U.K. Tories on Common Market

BY PHILIP BAWSTON

STASBOURG, Feb. 13.

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Conservatives

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Resources redefinition means 'more' uranium

BY DAVID FISHLOCK, SCIENCE EDITOR

WORLD RESERVES of the most

accessible uranium ores, have

increased by almost 30 per cent

over 1975 figures, according to

the latest official statistics.

This is largely because

inflation has prompted a

redefinition of what is

accepted as "reasonably

assured resources" of

uranium.

The most accessible

uranium has now been

redefined as those

resources which are

exploitable at a cost

below \$30 per lb. of

uranium oxide, compared

with \$15 per lb. previously.

As a result, estimated

world reserves have

increased by

\$25,000 tonnes, to 1.56m.

tonnes of uranium.

These reserves correspond

theoretically to 21 years

of forward requirements

by the electricity

supply industry,

according to the latest

joint report by the OECD's

Nuclear Energy Agency

and the International

Atomic Energy Agency.

But for "economic, technical

and political reasons," the

study acknowledges, some

of these reserves are

unlikely to be

exploited, so additional

ones may be needed to

fulfil the demand by

the end of the century.

Another 4.3m. tonnes

of uranium are believed

to be available in

reasonably accessible

form, but this represents

only a small improvement

on the last estimates,

published in 1975.

World production last

year was about 10 per

cent less than uranium

production capacity of

almost 33,000 tonnes,

but demand was only

23,000 tonnes.

The study estimates

uranium resources

indicate the ability to

produce and export

three-fold by 1985,

to upwards of 90,000

tonnes.

This gives a sufficient

economic incentive

and stability to provide

the basis for orderly

growth.

The study estimates

demand increasing to

71,000-88,000 tonnes

by 1985, and 102,000-

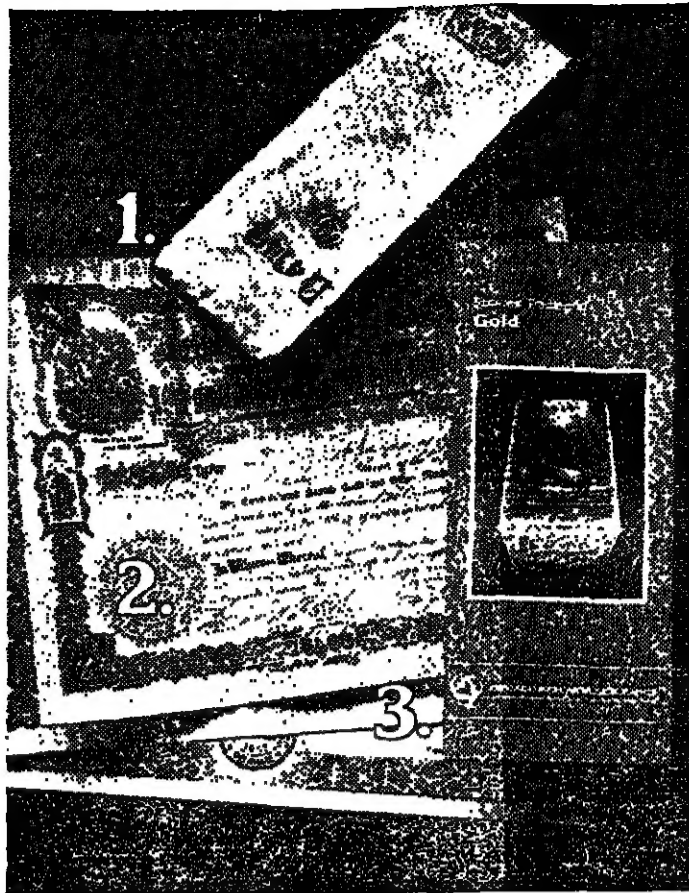
156,000 tonnes by 1990,

considerably lower

figures than its previous

estimates because of the

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2. Gold Stocks.

This is another way to enter the market but bear in mind that some North

American "gold stocks" actually make or lose most of their money from other minerals, while many of the other mining companies are located in a country with a rather shaky political outlook. Of course, the quality of corporate management and many other factors affect the value of any stock.

3. Gold Futures.

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To learn more about the exciting prospects in gold futures, send in the coupon below or call toll-free 800-243-5000. In Connecticut call 1-800-882-5577.

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Live hogs	Copper	Deutschmarks	Swiss francs	Lumber	Butter
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February 10, 1978

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AMERICAN NEWS

Coal strike goes back into deadlock

By Stewart Fleming

AFTER four months of negotiations and two months of a strike, negotiations in the U.S. coal industry over a new three-year contract for miners are deadlocked.

The Bituminous Coal Operators' Association (BCOA), which is the negotiating arm for the employers, has described its leaders as "appalled" by the decisions yesterday of the 39-man union bargaining council to reject a proposed settlement of the strike, which would have given miners increases in benefits, including wages of 37 per cent.

The official BCOA statement made no mention of willingness to re-open the talks with the union. The coal companies have been shocked by the overwhelming opposition to the proposed settlement, which the bargaining council rejected by 30 votes to six.

It could be at least a week, according to some observers, before there is any formal re-opening of talks.

The coal companies will have to decide whether to change their approach to the securing of a new contract, or whether to press for a new settlement, with a few modifications, win miners support.

States like Ohio, Indiana and Pennsylvania, which are heavily dependent for electricity generation on coal, are running short of supplies. There are predictions that the strike will begin to have a serious, albeit localised, economic impact.

Some manufacturing companies are already preparing to lay off workers and cut production. As the week progresses, announcements of restricted energy supplies are likely to become more frequent.

Many mine workers feel that the running down of stock-piles in some areas is putting into their hands more leverage as regards the outcome of the dispute. For the past two months, the miners and their families have borne the brunt of the hardships associated with the strike. They have been without pay and without medical benefits for full periods.

The Carter Administration is continuing its studies of ways to ameliorate energy shortages stemming from the strike. But it is questioned whether much more can be done by way of shifting coal stocks from areas to areas, or by increasing the supplies of western strip-mined coal. Any attempt to adopt such a programme would probably provoke serious outbreaks of violence by picketing miners. Already, two miners have been shot to death in battles between union and non-union miners.

Congress plans Witteveen contribution vote soon

By JUREK MARTIN, U.S. EDITOR

THE HOUSE OF Representatives has tentatively scheduled a vote for February 21 on the U.S. contribution to the supplementary Witteveen credit facility at the International Monetary Fund, but with the chances of passage considered doubtful.

Twice in the last 10 days, the Speaker of the House, Mr. Tip O'Neill, has postponed votes on the House floor because he determined that a majority could not be formed.

Congressional sources generally agree that the prospects for passage would be brighter if the Administration unbends its current rigid stance against amendments to the legislation.

The most popular of these cover human rights (requiring the U.S. executive director of the IMF to vote against those loans to countries which might be used to support repressive and future safeguards (under which creditor nations would promise to renegotiate their private as well as their public debt).

So far, the U.S. Treasury has vigorously opposed such modifications and was clearly encouraged when the relevant House and Senate Committees reported out the legislation unamended.

But it seems that the Treasury has underestimated the groundswell of support on Capitol Hill, particularly on the human rights issue, and has consequently not lobbied hard enough for its cause.

It is by no means uncommon for American funding for the international institutions to run into trouble in Congress. Traditionally, this opposition has been concentrated in conservative circles, which view anything which resembles foreign aid over which the U.S. cannot exercise direct control with grave suspicion.

But on this occasion, both right and left appear to be combining to present an even more formidable obstacle. The liberal view as embodied in the amendment proposed by Congressman Thomas Harkin, the Iowa Democrat, is that the terms imposed by the IMF in making loans under the Witteveen facility could be so severe as to infringe human rights in the recipient country.

Mr. Anthony Solomon, the Treasury Under-Secretary for Monetary Affairs, has said publicly that one of the main reasons why the Witteveen facility is in trouble is that Congress does not understand its purpose.

Supporters of the Harkin

amendment claim that the reverse is true and that it is necessary to remind the IMF that it may be undesirable to impose on foreign countries too rigid economic policy disciplines. It is also being pointed out that the current version of the Harkin amendment is relatively mild by past standards, which generally would have required the U.S. to oppose loans to countries whose governments violated human rights.

That was the sentiment, for example, which prompted last year's Congressional squabble over U.S. contributions to the World Bank.

On the Senate side, the prospects for a passage appear brighter, though again there is the possibility that Senator James Abourezk, the liberal Democrat from South Dakota, may insert human rights language into the Bill when it is considered by the full chamber.

Senate action will have to wait until the Panama Canal issue has been settled. The Administration would be patently embarrassed, if for no other reason than the fact that the U.S. played a significant role in persuading the oil-producing countries to contribute about half of the facility's funds.

Saudi Arabia, in particular, the prime donor, has let it be known privately that it will not contribute if the U.S. is not known to be contributing.

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Abzug poll test in NY to-day

By John Wyles

NEW YORK, Feb. 13. VOTERS in one of the wealthiest Congressional districts in the U.S. will decide to-morrow the political future of Mrs. Bella Abzug, champion of women's rights, larger federal aid for the needy, and twice a loser in recent contests for elective office.

Thanks to a court ruling last month which awarded her disputed votes from a Democratic Party selection committee meeting, Mrs. Abzug is the Democratic nominee for the 18th New York Congressional district seat in the House of Representatives which was vacated by Mr. Edward Koch on his election in November to the New York mayoralty.

Registered Democrats outnumber Republicans in this "silk stocking" district on the east side of Manhattan by three to one. Confidence in an eventual victory for Mrs. Abzug should therefore be far higher than it is. Her failure to win the party nomination in 1976 for the Senate seat eventually taken by Mr. Patrick Moynihan, followed by a defeat last year in the Democratic primary for the New York mayoralty, has damaged her credibility as a vote-getter.

Moreover, she has had to contend with an active campaign by the Republican candidate in the district, Mr. Bill Green, who has shrewdly spent \$100,000 stressing his record as a former New York state assemblyman. The Egyptian president has played to the American gallery to great effect and the same polls now show that a narrow majority of Americans believe that Israel may actually be the greater obstacle to peace than Egypt.

This in turn has made it easier for the Administration to propose limited arms sales to Egypt. Mr. Sadat lobbied as hard on Capitol Hill as his Israeli rivals and even staunch defender of Israel emerged from their talks with him saying that, perhaps, limited arms sales to Cairo would not be a bad thing.

The difficulties in persuading Congress to approve such a sale, however, are still fairly formidable. A number of important senators are still opposed to this kind of assistance to Egypt. But even if Congress did block a sale it would do it with rather less conviction than in earlier years.

Quite apart from what is seen here even by many Jews, as Israeli stubbornness about the Sinai settlements (the West Bank is a different story) the pro-Arab case has also been strengthened by two other factors.

The Carter Administration was very angry last week when Israel publicly admitted that it is supplying arms to Ethiopia. It was not much less displeased at the news last week that, at the same time, Israel is actively seeking closer trade and other ties with South Africa. Both actions run directly counter to present American policy making it as

Jerusalem. Government's setting

Relations between Israel and the U.S. are now almost certainly worse than at any time since the Begin Government took office in Jerusalem nine months ago.

This is not to say that they have yet reached the "crisis point" that many observers have been predicting for many months. But a number of factors have combined in the past few weeks to throw the Israeli lobby in the U.S. on to the defensive and this appears to have encouraged the Administration to step up its pressure on Mr. Begin.

Israel has reacted immediately to this change. This morning, in a newspaper interview, Mr. Moshe Dayan, the Foreign Minister, said that as a result of the U.S. position on settlements in the Sinai and the West Bank, Israel would now have "a substantial reservation about the present Administration's role as an impartial objective mediator between us and the Arab countries."

But the settlements, important though they are, are really the symptom of a more profound change in the U.S. and it is this which has worried Israel and her powerful friends here. This change is only in its infancy and support for Israel remains very strong, but it has already become very much less uncritical.

The most obvious cause of this has been the impact that President Sadat has made on public opinion here. For the first time, an Arab statesman is, according to the polls, regarded with the same respect as his Israeli counterparts. The Egyptian president has played to the American gallery to great effect and the same polls now show that a narrow majority of Americans believe that Israel may actually be the greater obstacle to peace than Egypt.

THE U.S. AND ISRAEL Relations reach a new low

By David Bell in Washington, Feb. 13

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one official put it, "a strange way for an ally to behave."

But the settlements have been the real bone of contention for some time. They insist that Mr. Carter ever said was that a Begin pre-Christmas peace plan which included some permanent Israeli settlements in occupied territories was a "big no-no."

In any event, this time the Administration has been launched on a "preemptive strike" to convince Israel's American friends that the Carter Administration has been honest over its settlements. Last October, the sudden announcement of an Israeli-Soviet declaration at the United Nations provoked a storm of criticism from the American Jewish community.

But in the past two weeks officials from the State Department have been holding meetings with American Jews and with congressional friends of Israel to make sure the Administration's case is fully understood. This exercise bears the imprint of Mr. Hamilton Jordan, President Carter's chief White House aide, who has been widely credited with responsibility for the administration's "new" Middle East policy.

The result has been to make some of the criticism that might already have been employed over the settlements. It also led Mr. Dayan late last week to say that Israel would accept "moderation" from "American Jews" — an implicit recognition of the Carter Administration's attempt to make Israeli public opinion more amenable to the American Jewish public opinion.

However, successful as the approach may be, it has not been without drawbacks. Some observers fear that the administration has played into Mr. Sadat's hands and that a public "challenge" match" between Israel and the U.S. is being set. This is a view which Mr. Dayan conceded as much in his morning interview.

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OVERSEAS NEWS

Progress made
in Namibia,
West insists

UNITED NATIONS, Feb. 13.

FIVE Western Security Council members, brushing aside the withdrawal of Mr. Botha, the South African Minister, today insisted that the UN resolutions on Namibia (South West Africa) were being implemented. Botha cut short week-end sessions with the foreign ministers of the United States, Canada, France and Germany and was today home to report to his cabinet.

Ambassador, Mr. Donald McHenry, the American representative in these lower-level discussions, said the UN resolutions were being implemented. He said South Africa and Swapo disagreed over the strength, location and deployment of the South African forces in Namibia and over the proposed UN military presence there.

The South Africans did not move from their position that they must retain 3,000 troops in the South African forces in Namibia and over the proposed UN military presence there.

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retoria may proceed
on 'internal' option

BY QUENTIN PEEL IN WINDHOEK

THAT AFRICA might be in a position to proceed rapidly with a programme for an "internal settlement" in Namibia (South West Africa) in the wake of the exclusive week-end talks in Johannesburg, South Africa, for an international settlement. The plan would exclude the South West African People's Organisation (SWAPO), the most widely recognised nationalist movement, but would open elections on a one-vote basis involving the other parties inside the country.

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Calm returns to Beirut

THE FIRST time in almost a week, a measure of normal business activity returned to the city capital today as an uneasy calm prevailed.

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Begin smoothes edges
of US.-Israel clash

TEL AVIV, Feb. 13.

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ON OTHER PAGES

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CUBA AND THE HORN OF AFRICA

'No invasion of Somalia'

BY HUGH O'SHAUGHNESSY IN HAVANA

CUBAN OFFICIALS are hinting in private conversations here that if the Ethiopian forces were victorious in the war in the Horn of Africa, the Cubans would not like them to cross the border into Somali territory.

The Cuban media report that the Ethiopian Bureau for the Organisation of the Masses is starting preparatory work on the founding of a party based on Marxism-Leninism. Cuban official news agency Prensa Latina reports from Addis Ababa that "aggressive political organisations" are agreed on the creation of such a party which would be "the vanguard of the revolution."

At the same time, imperialism. As far as the war in the Ogaden is concerned no reference is being made in the Cuban media to direct Cuban military involvement though President Fidel Castro has said that Cubans are acting as military advisers to the Mengistu government in a diplomatic capacity. No reference has been made either to any Israeli help to the Mengistu government.

Everything points to the fact that Cuba did not want fighting to flare up in the Horn of Africa. It could have been avoided. During his visit to Addis Ababa last March, Castro floated the idea of a confederation of Left-wing states in the region.

Somali volunteers begin training

MOGADISHU, Feb. 13.

THOUSANDS OF Somali volunteers began intensive military training today after a call to arms by President Mohamed Siad Barre in which he said Somalia stood alone against Ethiopian forces backed by Russians and Cubans in the Ogaden war.

In a speech to a crowd of 100,000 here yesterday, the president said every Somali who could carry a rifle should prepare to defend his nation.

Brigadier General Aden Abdullahi Nur today told reporters that 30,000 volunteers, the youngest aged 15, had already come forward in the Mogadishu area alone.

Somalia said on Saturday that regular forces would be sent to the seven-month-old war in the disputed Ogaden desert region of Ethiopia. It declared a state of emergency and ordered all servicemen and report for mobilisation.

Diplomats stepped up efforts today to bring an end to the Horn of Africa fighting as Ethiopia pursued its drive against hard-pressed Somali forces.

Front-line commanders with Ethiopian troops at the town of Harar outlined a four-leaf clover pattern of advance with simultaneous thrusts both north and south of the city and from the rear base town of Dire Dawa to the north.

An eastern front commander said his troops had advanced some 25 miles to within 20 miles of Somali-occupied Jijiga.

Somali leaders are reported to be contacting all member nations of the UN Security Council to try to have tabled a resolution calling for an end to the fighting and to outside interference.

India to
raise public
spending

By K. K. Sharma

NEW DELHI, Feb. 13.

THE Indian Government is to announce a 17 per cent rise in public investments in the next financial year beginning April 1, in a bid for a higher growth rate, but little emphasis is being given to the ruling Janata Party's programme for rural development.

The rise in public investments has been agreed between the Planning Commission and the Finance Ministry and will be announced when the annual budget is presented to Parliament on the annual plan for 1978-79 is being increased to Rs.180bn. (about £10bn.).

Much of the investment is being limited to existing schemes and the outlay on the Janata Party's rural development programme is unlikely to be given more than Rs.11bn. of which only Rs.3.1bn. is earmarked for agriculture and Rs.800m. for rural industries.

This means the country will have to wait at least another year before the Government gears itself to making substantial investments in agricultural development and rural industries schemes which are meant to carry out the Janata Party's election promises.

The delay is partly because the Planning Commission found it impossible to abandon existing schemes in industrialisation, irrigation and mining but also because preliminary studies of new schemes are incomplete.

Common fund urged
at Sydney meeting

BY KENNETH RANDALL

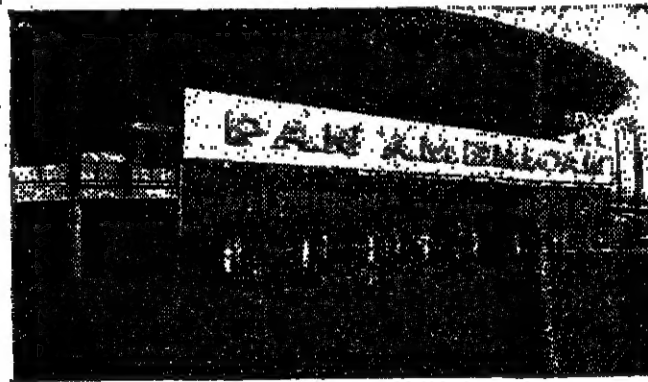
SYDNEY, Feb. 13.

A SPECIAL meeting of finance ministers of the Commonwealth countries is being tentatively expected to pool their cash balances. The working party scheduled for the middle of next month to generate more pressure for faster progress in negotiations for the common fund common fund.

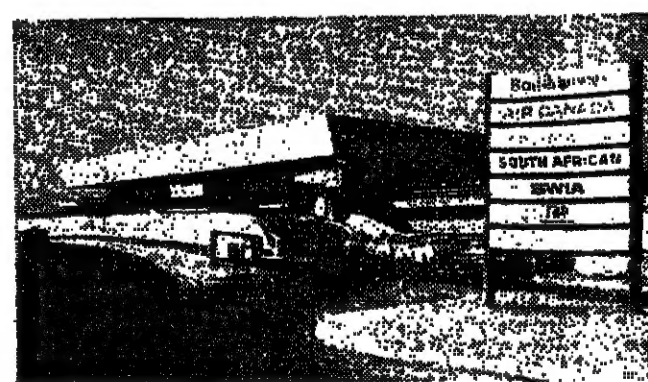
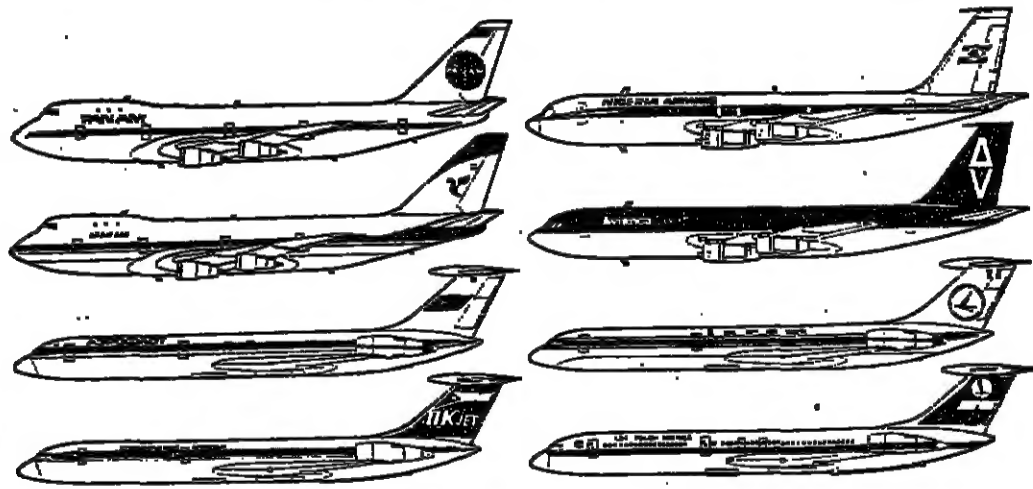
To-day's opening round of talks between the 12 heads of government attending the first regional Commonwealth meeting produced unanimous support for further action to speed up the common fund negotiations. The view will be circulated to other Commonwealth countries within the next week or so and, according to Commonwealth secretariat officials, their machinery is already geared for a rapid response.

Most Commonwealth countries are leaning towards the type of common fund arrangements favoured by the Group of 77 rather than the model favoured by most of the developed countries.

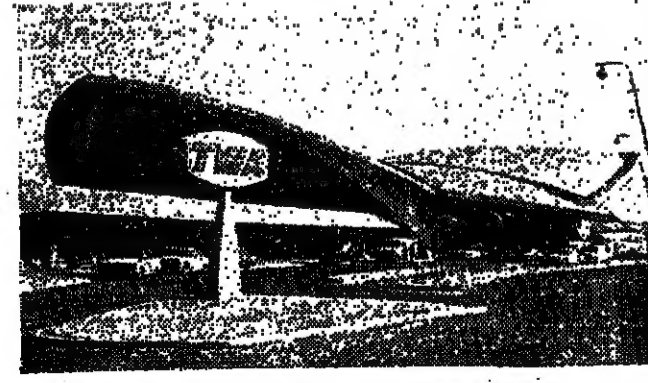
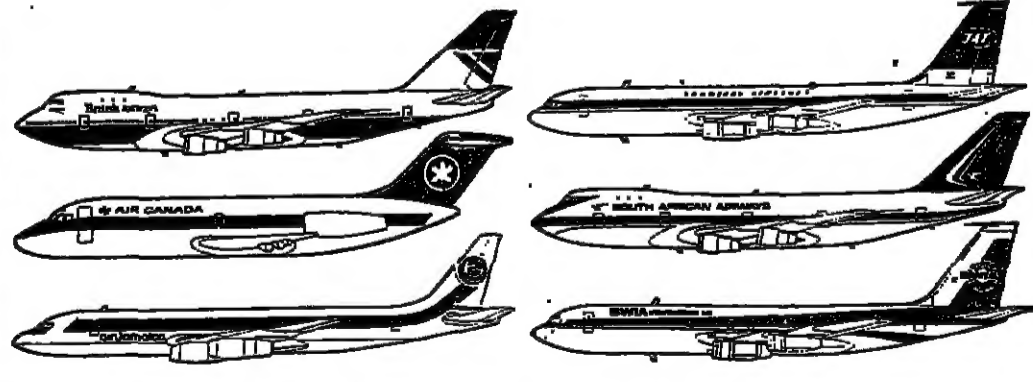
A working party established at the initiative of last year's Commonwealth conference in London came out strongly for the "source" model, based on a general fund derived from government subscriptions, loans and private borrowings. The commitment to find an "early and adequate" solution. He left little doubt about the main target of his criticism when, a few minutes later, he attacked EEC trading policies as a dual arrangements to remain destabilising factor in present responsible for providing their world conditions.

Before you choose
an airline to New York.
Choose a terminal.

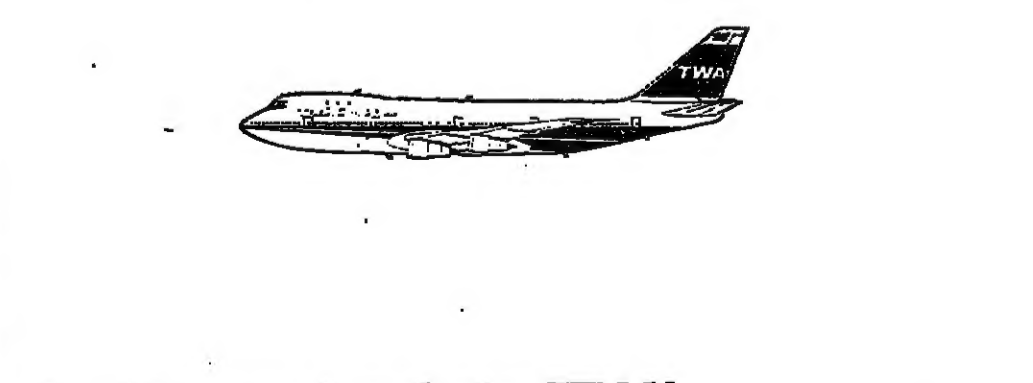
Pan Am's terminal is used by all these airlines.



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WORLD TRADE NEWS

Germany achieves surplus with OPEC countries

BY JONATHAN CARR

WEST GERMANY last year achieved its first ever trade surplus with the oil producing countries—while increasing its deficit in trade with the non-oil producing world.

The Economics Ministry, which announced the figures, finds reason for self-congratulation on both scores. Not only has the Federal Republic bailed itself out of a deficit with OPEC, which rose sharply following the oil price increases of 1973-74, it has also markedly increased its imports—especially of manufactured and semi-manufactured goods—from developing states struggling to reduce their own

trade deficits and increase their industrial base.

Imports from the whole developing world (oil and non-oil states together) rose by DM2.5bn, or about six per cent, last year to DM48bn—a rate of increase roughly equal to that for all German imports.

However, the value of German imports from the oil producing countries dropped by 4 per cent to DM23.3bn. These imports had shot up from DM10.2bn in 1973 to DM23.9bn in 1974 and remained at a high level even during the economic recession. The fallback last year is clearly due in particular to the rise in the Deutsche Mark against the Dollar in which oil is priced—and

has brought Germany a trade surplus of DM1.6bn.

Against that, the value of imports from the non-oil developing states rose sharply—by DM3.6bn, or 17 per cent, to DM24.7bn. Thus the German trade deficit here, which already totalled DM0.2bn in 1976 rose to DM2.5bn in 1977.

Further, while total German imports of manufactured and semi-manufactured goods rose by 7 per cent last year, these imports from developing countries increased by 10 per cent. The developing states have thus increased their share of Germany's imports of these goods from 6.5 per cent in 1976 to about 8 per cent in 1977.

\$30m. line of credit for Poland

BONN, Feb. 13.

A \$30m. line of credit to finance the sale of barley from the U.K. to Poland has been signed in Warsaw by Morgan Grenfell and Bank Handlowy w Warszawie.

This loan is the first line of credit guaranteed by the Export Credits Guarantee Department to cover the export of grain from this country and will provide credit to Bank Handlowy for up to 85 per cent of the value of approved contracts entered into by U.K. suppliers with CHE Rolimpex, Warsaw, no later than August 31, and with delivery up to September 30.

Morgan Grenfell, who signed a \$3m. line of credit with Bank Handlowy last October to finance the export of U.K. capital goods to Poland, will manage the loan on behalf of a syndicate comprising itself, Bank of Scotland and Moscow Narodny Bank.

India winning Chinese orders

BY K. K. SHARMA

NEW DELHI, Feb. 13.

SUBSTANTIAL orders from China for capital goods and sophisticated engineering products are now certain for Indian companies following talks here between a 16-member Chinese trade delegation, now on the first such visit to India since the 1962 border war.

Such orders will lead to major collaboration by Indian companies in China's steel production programme. The delegation has indicated that it will order blast furnaces, rolling mills and possibly coke oven batteries for plants in China to be established under plans to expand steel production.

In addition, the Chinese are interested in importing Indian iron ore, and will take a decision on this after visiting mines later this week. This is expected to

supplement China's imports of iron ore from Australia and other sources which are now sold to total 1.5m. tonnes a year.

The resumption of substantial trade with China is expected to stimulate normalisation of political relations which have been near freezing point since the 1962 war. Establishment of diplomatic relations at Ambassadorial level and trade on a modest basis began only in 1977. There are now signs that China is keen to resume talks at a high level, and will agree to visits by Indian journalists, cultural delegations and sports teams.

The Chinese trade delegation has announced that it is "deeply impressed" by India's advances in technology and industry, which it noted at the Indian engineering trade fair now being held in New Delhi. The leader

of the delegation, Mr. Liu Ching, said that what they had observed in the past three days at the fair was "beyond all expectations".

As a result, the Chinese have indicated their interest in collaboration not merely in the steel industry, but also in buying dredgers, computers, electronic equipment, automatic control equipment and hand tools which, Mr. Liu Ching said, "India makes with a high degree of sophistication." The delegation has asked to be shown India's capabilities in the chemicals and pharmaceutical industries.

The delegation has invited the Association of Indian Engineering Industries, which has organised the trade fair, to send a team to China to study the progress in that country with a view to collaboration in other sectors. The invitation has been accepted.

U.K. fails to back pulp plea

THE BRITISH Paper and Board Industry Federation has decided that it will not support France's complaint to the European Community that pulp from North America is being dumped in the Common Market.

The French Government has agreed to pursue the dumping complaint made by French producers, who are upset about the fall in pulp prices caused by imports from the U.S. and Canada.

France's main concern is about imports of American sulphate pulp used for fine papers. Britain has no pulp industry to speak of, and the paper and board federation believes that the French complaint is successful, the price for pulp in the Common Market will rise.

EEC begins talks with Japan

TOKYO, Feb. 13.

A SENIOR official of the European Economic Community today called on Japan to increase imports to reduce its huge trade surplus with the EEC, Foreign Ministry sources said.

The EEC official, Mr. Benedict Meynell, said Japan should buy European A-300 Airbus and a variety of other products to cut the imbalance in bilateral trade which last year was estimated at \$5bn. In Japan's favour, the sources reported.

Mr. Meynell, head of the Common Market's Directorate for North America, Australia, New Zealand and Japan, was speaking at the start of four days of talks here.

He asked Japan to lower tariffs on processed foods, to expand import quotas for dairy products and to simplify import procedures.

The discussions got under way less than 24 hours after the British Secretary of State for

U.S. steel warning

Bethlehem Steel said in a statement on the U.S. Government's trigger price plan for steel imports that the trigger price levels for major products are "in most instances substantially below the domestic market level."

It said "consequently we do not believe that the level of import prices resulting from the trigger price mechanism will be effective in reducing imports of foreign steel."

Japan and China to sign pact

A DELEGATION of senior Japanese businessmen is due in Peking today to sign the first long-term trade agreement between Japan and China, informed sources said.

The eight-year agreement will cover Chinese exports of crude oil, coke and steam coal to Japan and Japanese exports of industrial plant, construction equipment and steel.

U.K. ship orders missed

BY OUR OWN CORRESPONDENT

THE BRITISH Shipbuilders' team, which recently visited India, has failed to secure fresh orders from Indian shipping lines, even though offers of easy long-term credit were made.

Indications from the Ministry of Shipping and Transport are that future orders will go either to Japan and Japanese shipbuilders or to those in India.

The Ministry is taking a fresh

look at the order books of India's four shipyards and initial findings are that these are by no means satisfactory and hence reliance should be placed increasingly on indigenous capacity.

The Shipping Minister, Mr. Chand Ram, told a conference of shipbuilders and ship owners that "our target should be self-sufficiency in shipbuilding."

Italy's furniture exports up 60%

Italian furniture exports jumped 60.4 per cent to 1,594.3bn. in the January-September period last year from the same period in 1976, the National Association of Furniture Makers, Desiderio, reported.

The nine months' total last year was higher than the full 1976 value of exports which amounted to 1,599.3bn. AP

Israel and S. Africa in trade deals

BY L. DANIEL IN JERUSALEM AND BERNARD SHAW IN JOHANNESBURG

SOUTH AFRICA will permit long-planned extension of the rail network from its current Negev terminal to the Red Sea port of Eilat.

Israel also intends to buy South African coal for her first coal-fired power station. Since the return of the vessels in ballast would make the deal highly expensive, it may be assumed that Israel will also try to narrow her trade gap with South Africa by larger shipments of bulk cargoes there, which again would be cheaper if rail facilities were available.

The reference to specific industrial plants is likely to apply particularly to enterprises which would use South African know-how, such as in the field of metals, or South African raw materials, and semi-fabricates to be turned into finished goods which Israel could more advantageously export particularly to Europe.

The agreement also provides for co-operation in medical and agricultural research "particularly solar energy utilisation." It was further agreed that the South African Finance Minister, Mr. Owen Horwood, will visit Israel some time this year.

The promotion of joint commercial ventures has always been a high priority in South Africa-Israel relations. Plesman, Finance Minister, has a similar stance in the Israeli cabinet while Koor Chemicals is associated with Sentrachem in the South African chemicals industry. The National Association of Furniture Makers, Desiderio, reported.

U.S. goods for Taiwan

A SPECIAL Taiwan trade mission has announced that it plans to buy U.S. goods valued at \$250m. to try to correct a trade imbalance.

The mission's director, Mr. H. K. Shao, said Taiwan already had purchased industrial goods from the U.S. valued at about \$68m. and agricultural products, including corn, soybeans, barley and wheat, valued at about \$156m.

Before leaving the U.S. in March, the group hopes to purchase additional items, including tobacco, electrical equipment and whisky, in amounts expected to total \$35m. to \$75m.

Mr. Shao said many of the goods being bought in the U.S. were formerly imported from Japan, and he announced his government's lifting of a ban on imports of U.S.-made cars with the first order to consist of 4,000 cars.

The purchases are being made under price negotiation procedures—rather than the normal international bidding system, giving U.S. businessmen first crack

Soviet Romanian trade

BY PAUL LENDVAY

VIENNA, Feb. 13.

SOVIET ROMANIAN trade this year will rise by 17 per cent to 2.1bn. roubles but will still lag far behind Soviet trade with other East bloc countries. Thus for example Soviet trade with Poland this year will total 8.7bn. roubles, with Hungary 6.4bn. roubles and Bulgaria 5.6bn. roubles.

Between 1970-76 the Soviet share in Romanian foreign trade dropped from 27 per cent, 17.8 per cent of the total. During

the 1976-80 planning period Soviet-Romanian trade is expected to rise by only 70 per cent. Under the trade protocol for 1978, recently signed in Moscow, Romania will export to the Soviet Union machine tools, equipment for oil, chemical, petrochemical and metallurgical industries, electrical goods, footwear, fruit and vegetables in exchange for machinery, mining equipment, cars, aircraft, iron ore, coke, coal, phosphates and chemical products.

EEC halts Dutch cartel

BRUSSELS, Feb. 13.

A CARTEL controlling the marketing of pharmaceuticals in Holland has been ended after objections by the EEC Commission.

The Commission said that almost all the Dutch manufacturers, importers and dealers belonged to the association, which accounted for between 80 and 90 per cent of all Dutch

sales of pharmaceutical products. It ruled that the Pharmaceutische Handelsconvenie restricted competition in the market and also objected to the resale price maintenance imposed by the group on all products including imports. About 70 per cent of all medicinal products sold in Holland are imported, the Commission added.

Buses for Hong Kong

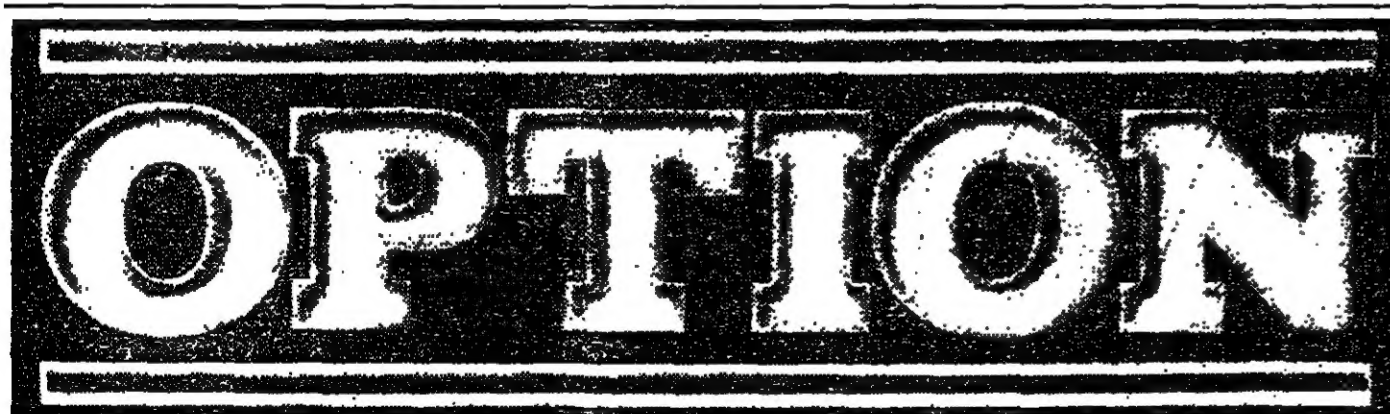
Hestair Dennis has received confirmed orders for 70 double deck buses during January worth \$1.5m. Hong Kong has ordered 50 double deck bus chassis following the Kowloon Motor Bus Company's trials of four prototype Jubilee front engine buses delivered last year. The other orders, of which 17 are repeat orders, come from the U.K.

Greek fleet

The Greek-owned merchant fleet totalled 4,519 ships aggregating 49,137,118 gross tons at the end of 1977. The Ministry of Merchant Marine reports. Of these, 3,888 ships totalling 33,473,433 gross tons were under the Greek flag and 933 vessels aggregating 15,663,686 gross tons were under various foreign flags.

Furniture exports

Exports of British furniture of all varieties during the year 1977 totalled £21m, which represents an increase of 48.3 per cent over the exports of furniture in the previous year. The 1977 figures are more than double the figures of two years ago, and more than treble the figures of three years ago.



an international seminar on the occasion of the opening of the European Options Exchange

March 14th, 1978 - Okura Hotel - Amsterdam

organized by "De Financieële Telegraaf" in co-operation with the "European Options Exchange", the Swiss company "Telekurs A.G." and "Boorman-Nederstigt B.V."

This seminar will be a meeting place for financial specialists from all over Europe, who want to get more acquainted with the possibilities and technical side of the option trade.

A number of internationally known speakers, who are fully familiar with the trade in options - on account of their profession - will convey their knowledge to the participants of the seminar.

The seminar will be presided over by Mr. J. G. Muntinga, vice-president of the European Options Exchange and general manager of Pierson, Helderling & Pierson N.V.

All proceedings of the seminar will be conducted in English.

Programme

- March 13th, 1978
17.00-19.00 Welcome-party, sponsored by "De Financieële Telegraaf"
- March 14th, 1978
9.30 Registration
10.00 Opening address and Chairman's Introduction by Mr. J. G. Muntinga, acting chairman of the European Options Exchange.
10.10 "Options Strategies for European Institutions" by Matthew L. Gladstein, vice-president of Donaldson, Lufkin & Jenrette Securities Corp., New York.
10.55 Coffee
11.15 "Importance of the European Options Exchange for the Stock Markets" by Mr. J. Ph. Korthals Altes, chairman of the "Amsterdam Stock Exchange".
11.45 "Working with options by big investors" by Mr. E. A. Brouwer, chairman of the board of the Rotterdam Investment Consortium "Robeco".
12.15 Cocktails and luncheon
14.00 "Clearing and market making. Neutral spreading" by Dwight Koop, president of First Options of Amsterdam B.V.
14.45 "The European Options Exchange in practice" by Mr. L. W. G. Scholten, manager of the European Options Exchange.
15.10 Tea
15.30 Panel discussion with the opportunity of asking questions.
16.30 Resume and close Seminar.
17.00-19.00 Cocktail-party.

Seminar fee

The total fee for participation amounts to Dfl. 531.— p.p. (incl. 18% VAT). This includes all refreshments, lunch and cocktail-party as well as seminar documentation.
Not included are hotel expenses at the Okura Hotel.
Participants wishing to stay overnight can make reservations for single or double rooms at Dfl. 117.50 resp. Dfl. 130.— (incl. breakfast). Reservations should be made by attached coupon.

Are you interested?

Please fill out the coupon and return it in a closed envelope to: "De Financieële Telegraaf" P.O. Box 376, 1000 EB Amsterdam, The Netherlands.
Please enclose also a cheque for Dfl. 531.— p.p. or transfer the amount by bank to: "De Financieële Telegraaf" i.o. "Option" with the Algemene Bank Nederland account nr. 54.03.21.370.
For further detailed information please phone: Amsterdam (020) 885.2298.

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I have transferred Dfl. — to "De Financieële Telegraaf" i.o. "Option".
I wish to make reservations at the Okura Hotel:
for March 13th: — single room — double room
for March 14th: — single room — double room
Hotel expenses as mentioned are for my own account and will be paid by me directly to the Okura Hotel.
I will not come by car (in view of the parking space to be reserved).
Name: Mr./Mrs./Miss: —
Position in company: —
Name of company: —
Address: —
Town: — Country: —
Signature: —

Contracts

● Vulcan Engineering, a member of the "Koor" group of companies, has been awarded a contract for the construction of 100 freight cars for the Israeli railroads, to be used for the transport of phosphates. Vulcan submitted a bid together with the French company Arbel, which will plan and produce the chassis and bogies and the system for opening the doors to permit very rapid discharge.

● Sener, Spanish naval architect, has signed a contract for its FORAN computer-aided ship design system to be used by the South Korean shipbuilding industry, the first contract for this system in the Far East market.

● Komatsu has received a ¥25bn. order from the state organisation for roads and bridges of Iraq for 140 bulldozers and other machinery. The order was made in co-operation with Sumitomo Shoji Kaisha. Delivery is scheduled to begin in March this year.

● Foster Cambridge, a member of the George Kent Group, will supply instrumentation for a plant which will produce lime for use in steel manufacture in the oil state of Qatar for the Qatar Cement Company. The Landmark Hotel at Ras Al order was awarded by main plant contractors Newell Dunford Engineering and is for a range of electronic recorders and indicator/controllers.

● A new automatic telex exchange costing £900,000 is to be installed in Mauritius by Cable and Wireless, to expand and improve service on the present manual exchange which has 148 subscribers and deals with 70,000 minutes of traffic each month.

● Tomoscanner U.K., subsidiary of J and P Engineering, has won an order worth £350,000 for four of its isotopic emission Tomoscanner machines, which it launched last year, from La Maison du Medecin, the French medical equipment distributors. The first of the four machines will be installed later this month in the Centre Jean Perrin, Clermont-Ferrand.

● Three Italian groups have signed a contract to supply the Iraq Atomic Energy Commission with laboratories for the production of radio isotopes to be used for medical purposes and other research. In addition to Italy's nuclear energy committee the groups are Sella Technica and Ansaldo Meccanica Nucleare.

● British Fairwell has received orders worth £70,000 for their sliding door systems for the El Salam Hotel at Heliopolis, Cairo, Qatar Cement Company. The Landmark Hotel at Ras Al order was awarded by main plant contractors Newell Dunford Engineering and is for a range of electronic recorders and indicator/controllers.

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Henri Mancuso
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February 1978

HOME NEWS

EEC looks at Bank defence on 'closed shop' accusations

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

DETAILED DEFENCE by the Bank of England against accusations that the arrangements to regulate the London exchange market constitute a "closed shop" is being examined by officials at the European Commission.

The Bank's submission, more than 50 pages long, was sent to Brussels on January 20. In response to a request for further information by the Commission, investigating since the money broker with Middle East connections, that the right establishment in the London market is effectively denied to new brokers.

Public policy

Most banks deal only through brokers who are members of the Foreign Exchange and Currency Brokers' Association, which involves sponsorship of six banks and conformity with certain rules. Sarabhai has complained that brokerage fees are "considerably higher" than elsewhere in the EEC.

The bank is understood to maintain that the arrangements which it accepts ultimately responsibility, are necessary to maintain an efficient and stable market in which a large number of currencies may be freely traded.

It says that they are justified under "public policy" and are in conformity with Article 90 of the Rome Treaty, which deals with rules governing operation of services of general economic interest.

While the Bank is understood to rule out the possibility of changing the arrangement in the light of further negotiation with the Commission, it emphasises the need for extreme prudence, saying that any rash move could shake market confidence. In claiming justification under

Civil engineering seeks more help

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE CIVIL engineering industry could lose up to 80,000 jobs if urgent Government action is not taken to stimulate output. Mr. Peter Shore, Secretary for the Environment, heard yesterday.

He met representatives of the construction industry and its associated professions and was told by Mr. George Henderson, of the Transport and General Workers' Union, that unemployment in construction remained grave.

Mr. Nicholas Goodison
Profit sharing supported

Goodison backs profit sharing

Financial Times Reporter

THE STOCK Exchange strongly supported the idea of profit sharing schemes in industry, the chairman, Mr. Nicholas Goodison, told the City branch of the Institute of Management yesterday.

It was the Exchange's first official reaction to the consultative document on profit sharing published by the Revenue at the beginning of this month.

Mr. Goodison said the Exchange was interested in such schemes as a means of increasing workforce involvement in the profit making process. It placed less emphasis on schemes as a means of promoting wider ownership of shares.

He drew attention to a survey carried out by the Confederation of British Industry in 1976 which showed that 85 per cent of employees thought that industry would be more productive if they had a stake in the profit.

For this reason, the Revenue's document was "extraordinary and welcome," but he questioned its value where it suggested restriction of the form that profit sharing schemes could take.

In particular, he questioned the restrictions on the employee-shareholder's right to sell and the artificially low limits on the value of shares he could receive.

Profit-sharing schemes should remain "adaptable" and not be laid down on "tablets of stone." The employee-shareholder should have the right of turning his bonus shares into cash if he so wished.

The ICI profit-sharing scheme was a good model. A system where the employee could opt for cash, but where there was a tax incentive for him to hold on to the shares issued to him, was preferable.

Mr. George Copeman, of the Wider Share Ownership Council, asked Mr. Goodison whether there would be a market for the "new capitalists" created by profit-sharing schemes, implying that many of the new small shareholders would find it difficult to find someone willing to trade their shares at a satisfactory price.

Mr. Goodison said that he was aware that ICI employees had had problems. He did not have the answer and one would have to be found.

First regional CBI conference

THE CONFEDERATION of British Industry is to hold its first regional conference in Cardiff on April 6. Entitled Wales into the Eighties, the conference will look in depth at the main problems besetting the Welsh economy and industry.

Speakers will include Mr. Terry Beckett, chairman and managing director of the Forth and Mersey Council, Mr. John Greenborough, CBI president, and Sir John Methven, its director-general.

Tractor group cuts 310 jobs after Turkish deal fails

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE COLLAPSE of a contract with Turkey because of that country's economic crisis has caused the loss of 310 jobs at the Bradford tractor plant of the International Harvester of Great Britain.

The cut, involving about 18 per cent of the 1,700-strong workforce, comes just after International Harvester has completed a £25m. expansion and modernisation programme at Bradford, stimulated mainly by the Turkish deal.

There is further irony in the fact that the redundancies had to be announced at the same time as the company disclosed its record sales and profits for the year to last October.

Sales of £136.57m. were 29 per cent ahead. Net profits were over £5m. Sales to the U.K. market were up 18 per cent. The £48.5m., while export sales rose 35 per cent to £91m.

Agricultural tractors and equipment accounted for 58.7 per cent of total sales and industrial and construction equipment for 16.3 per cent. Capital expenditure during the financial year was £8.9m.

International Harvester, which is a subsidiary of the Chicago-based group of the same name, signed the Turkish deal with Turk Otomotiv Endustri in August 1973 and was supplying about 2,500 tractors a year as well as 4,000 sets of components.

The contract was ended after the Turkish Central Bank initiated a policy last February to stop the import of all goods except those in the "emergency and strategic" category.

Massey output cuts put suppliers on short-time

BY PETER CARTWRIGHT

ACROSS THE BOARD cuts in output of about 15 per cent for the next three months at Massey-Ferguson's Coventry tractor plant are putting some of its 450 suppliers on short-time.

Also affected is Massey-Ferguson's sister company, Perkins Engines, of Peterborough, which supplies power units.

This is the first market downturn in more than three years, but after strikes at Coventry and at one or two big suppliers, Massey-Ferguson's production fell to 68,590 vehicles in the year to October 31, compared with 85,183 in the previous 1975-76 period.

The further contraction reflects problems in tractor markets such as North America, Turkey, Brazil and elsewhere. Only Continental markets are maintaining demand.

Facelift for Smithfield meat market planned

FINANCIAL TIMES REPORTER

LONDON'S Smithfield meat market is likely to remain at its present site and be given a facelift, according to proposals published yesterday.

The City of London Corporation and the London Borough of Islington have agreed on plans to safeguard jobs in the meat market and bring vacant buildings and land back into use.

The character and environment of the market and the surrounding area would be "conserved and enhanced."

The two authorities plan to encourage shops, housing and industry to move into the area, but acknowledge that it is considered less suitable for offices than other parts of the City.

Braniff to use Gatwick for UK-Texas services

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRANIFF INTERNATIONAL Airways, the U.S. airline awarded the route between Dallas/Fort Worth in Texas and London by President Carter, admitted yesterday that it would use Gatwick Airport when its services start on March 1.

Until now the U.S. airline insisted that it would use Heathrow in spite of U.K. contentions that under the Anglo-U.S. Bermuda international air services agreement, signed last summer, all new foreign airlines serving the U.K. would have to use Gatwick.

But Braniff, while accepting the Department of Trade's direction that it should use Gatwick, made it clear that it still hopes eventually to use Heathrow.

It said that if British Caledonian (a Gatwick-based airline) was eventually designated as the reciprocal U.K. airline on the route to Dallas/Fort Worth, Braniff would also continue to use Gatwick.

If British Airways (a Heathrow-based airline) was given the route, however, then Braniff said it believed it too, would be entitled to use Heathrow.

The difference between the two airports is regarded as vital to Braniff. The U.S. airline maintains that the greater variety of other airlines' international services there would be available to it. Heathrow would improve connecting facilities for its own passengers.

The U.K. Government, however, is anxious to reduce the congestion at Heathrow, and has adopted a firm policy of making all new airlines use the comparatively under-utilised facilities at Gatwick.

limits, were: 1965-2.2 per cent; 1970-2.1; 1973-1.6; and 1976-1.8.

For coal mining, the comparable figures for serious reportable accidents were: 0.24 per cent; 0.21; 0.21; and 0.21. These, however, do not include non-reportable accidents involving absence from work of more than three days which ranged from 42.3 per cent in 1965 down to 19.6 in 1976.

In agriculture, "other accidents"—more than three days absence—were: 1973-1.96 per cent; and for 1976-1.80.

Container line to use Portbury

By Our Shipping Correspondent

CAST, the Montreal-based container line, confirmed last night that it is to switch its U.K. direct port of call service from Seaford, Liverpool, to Royal Portbury, Bristol, after the decision by dockworkers at the Avonmouth port to lift their ban on operations.

Labour troubles have prevented the £38m. dock from opening since its formal inauguration by the Queen in August.

The first ship is expected at Portbury by the weekend, though CAST said last night that its future use of the port would be determined by the quality of price and service it received.

It will use the roll-on/roll-off and container facility at Portbury, which is to be managed and marketed by South West International Freight Terminal, a subsidiary of the Swedish Tor Line.

Bank expands

County Bank is to open a new office in Birmingham next month to service existing clients throughout the Midlands, excepting Derbyshire and Nottinghamshire, and to act as a focal point for handling new business.

Japan may peg U.K. car sales to 1977 levels

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

THE motor industry told the Government yesterday that it is very important to maintain their overseas markets through the careful export activity and fully understand the difficulties of the U.K. motor industry, which is still in the stage of reconstruction.

The optimistic message came after talks in Tokyo last week when the Japanese manufacturers refused to make any commitments on restrictions of sales in the U.K. by either quantity or market share.

Although this is a tougher line against voluntary curbs than the Japanese have taken in the past, the U.K. negotiators appear to have come away with the impression that the Japanese will not pursue an aggressive sales policy in Britain this year.

This point has also been made in an elliptical way, by the Japanese. The Japan Automobile Manufacturers' Association has responded with some alarm to the critical Press comment in Western newspapers about the apparent breakdown of the voluntary understanding on restrictions.

A memorandum released yesterday by the association drew attention particularly to the passage in the communiqué which says that "Japanese manufacturers, who are highly dependent on export trade, think it is very important to maintain their overseas markets through the careful export activity and fully understand the difficulties of the U.K. motor industry, which is still in the stage of reconstruction."

It went on to draw attention to the impact of the rise in the value of the yen in lessening the price competitiveness of Japanese cars.

Officials from the Society of Motor Manufacturers and Traders negotiating team yesterday met Sir Leo Pliatzky, Permanent Secretary of the Department of Trade, to give their account of the meetings in Tokyo.

These may be followed by further meetings with Mr. Pliatzky, but meanwhile, the Department will be sounding out the Japanese position through diplomatic channels before deciding whether to toughen its stance on Japanese trade.

Mr. Dell gave some indication of a hardening of attitudes during a television interview at the weekend. But the Government remains reluctant to take formal action against the Japanese because of the damage this could do to international trade.

Offshore suppliers aim for S-E Asia

BY KEVIN DONE, CHEMICALS CORRESPONDENT

BRITAIN'S offshore supply industry is launching a sales drive in South East Asia.

Apart from South East Asia, the Government believes that there are promising prospects for the U.K. industry in South America, India, the USSR, Australia and the Middle East.

Before the Singapore exhibition, officials from the Offshore Supplies Office will give presentations to senior Government Ministers on the capabilities of the U.K. offshore industry in Peking and in Perth, Western Australia.

Accountants issue guide to price investigations

BY DAVID CHURCHILL

ADVICE TO companies to avoid possible investigation of planned price rises by the Price Commission is included in a new guide prepared for clients of chartered accountants Coopers and Lybrand.

The guide says that an investigation, after notification of prices, could mean that "considerable management time and effort are likely to be absorbed dealing with the Commission's questions."

In addition, the Commission's report would eventually be published "and any adverse comment would receive widespread publicity."

Coopers, which has helped the Price Commission carry out some investigations, says that the initial step when an investigation is threatened is for the Commission to seek a meeting with senior management.

"The importance of this meeting cannot be over-emphasised. It is essential that senior management should attend and be fully briefed, and that one director should assume overall responsibility."

An investigation might be averted if management was fully briefed to present the details of the company's pricing policies and trading position.

The guide includes a management checklist for companies facing investigation, as well as a considerable amount on the workings of the Commission.

But because price control legislation is complex and the practical issues which will arise are many and varied, Coopers has given certain partners and staff special responsibility to advise on price control issues.

No nuclear deaths in 15 years

IN THE 15 years from 1963 to 1977 there were no fatal or serious accidents within the U.K. nuclear power industry, caused by radiation, Mr. John Grant, Under Secretary of State for Employment told Mr. Peter Emery, MP, Hove, on Tuesday.

Non-serious accidents caused by radiation exceeding the maximum permissible quarterly limits have ranged in number over the period from 10 persons in any one year up to 32, with a total of 11 persons affected in 1977.

Long-term health effects which might be associated with exposure to radiation have not been included, nor are radiation exposures from sources such as industrial radiography equipment at nuclear installations during construction.

In a written reply to Mr. Emery, Mr. Grant gives figures for 1965, 1970, 1973 and 1976 of fatal, serious and non-serious accidents within the nuclear power industry as a percentage of the number employed, together with a comparison of the accident rates in the coal and agricultural industries.

Fatal accidents in nuclear power were: 1965-0.003 per cent; 1970-0.004; 1973-0.004; and 1976-0.010. In coal mining, the comparable figures were 0.05 per cent; 0.03; 0.03; and 0.02 per cent.

In agriculture, the only figures available for fatalities are for 1973-0.01 per cent, and 1976-also 0.01.

"Other accidents" in nuclear power, which include absence from work of more than three days and also radiation exposures exceeding prescribed

limits, were: 1965-2.2 per cent; 1970-2.1; 1973-1.6; and 1976-1.8.

For coal mining, the comparable figures for serious reportable accidents were: 0.24 per cent; 0.21; 0.21; and 0.21. These, however, do not include non-reportable accidents involving absence from work of more than three days which ranged from 42.3 per cent in 1965 down to 19.6 in 1976.

In agriculture, "other accidents"—more than three days absence—were: 1973-1.96 per cent; and for 1976-1.80.



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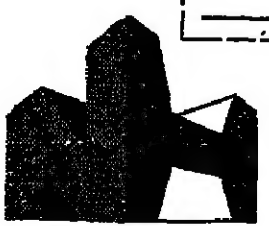
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HOME NEWS

Shortage of factory space increases

By John Brennan, Property Correspondent

THERE is an increasing shortage of modern factory and warehouse space, according to a survey of the industrial property market published today.

The quarterly industrial property availability survey prepared by King and Co., shows that there were 72.6m. square feet of industrial space on the market in England and Wales in mid-December.

A total of 31.3m. square feet of warehousing was empty, 4 per cent. less than in the previous quarter, and 41.2m. square feet of factory space was available, 51 per cent. down on the August figure.

Empty space represented less than 3 per cent. of the national stock of industrial property. Much of the available space was in older buildings possibly unsuitable for modern industry.

About 30 per cent. of available factories and 43 per cent. of warehouses were ten or more years old.

Private developers were on a level with state authorities as far as new factory buildings were concerned.

Private developers have shown a strong preference for more easily let warehouse schemes and are responsible for 15 per cent. of the modern factory buildings now on the market.

Stainless steel company collapses

By Our Glasgow Correspondent

A SECOND company backed by the Scottish Development Agency has collapsed, a receiver has been appointed to the small Perth engineering group of Triadynamics Machines and Patents and its two subsidiary companies.

The company, which makes stainless steel components and employs 25 people, is continuing to trade.

The agency said last April that it had invested £100,000 in the company, half in shares and half in the form of a loan. The share capital has been lost, and the agency will recover only part of its loan capital if the receiver sells the business.

Inco Electronics, based in Glenrothes, Fife, also went into liquidation last April.

Brokers forecast 3.5% growth rate

By DAVID FREUD

AN OPTIMISTIC forecast of the prospects for the U.K. economy this year has been produced by stockbrokers Hoare Govett. The firm believes that a vicious circle will develop during the year, with a firm pound and weak commodity prices helping to hold down prices and encourage employees to settle for low nominal wage increases.

A real growth rate of 3.5 per cent. is predicted—towards the top end of recent forecasts by other bodies—and the current account surplus should be in the region of £2bn.

Hoare says: "The pessimism that surrounds prospects for the trade account 1978 is unjustified. Sterling would rise to \$2.10 by the end of the year, reflecting the weakness of the U.S. dollar, and maintain its present rate of exchange or slightly appreciating against the other major OECD currencies."

A net reduction in tax of £1.4bn is assumed in the April Budget, leaving the Government with a relatively low public sector borrowing requirement of about £8bn.

Rate rises expected to pass 10% target

By DAVID CHURCHILL

RATE RISES for many households in England and Wales this year seem likely to be above the 10 per cent. target set by the Government, according to statistics yesterday.

Provisional rates notified by 47 district councils suggest that domestic rates will increase by an average of 12.4 per cent. The largest increase was over 23 per cent. from a district council in North Yorkshire.

Mr. Peter Shore, the Environment Secretary, predicted average rate rises of less than 10 per cent. when he announced the Government's rate support grant last November.

Last month he admitted that the Government is well aware that to maintain services at current levels many authorities will need to increase rates

in double rather than single figures.

Although only 47 of the 333 district councils in England and Wales have reported their likely rate precepts to the Association of District Councils, the trend is not expected to change significantly when all rate precepts are known.

Powers review

If anything, the early returns tend to report marginally lower increases than those likely from councils still to make a decision.

Average rises of about 13 per cent. are expected when the association has more complete figures early next month.

The association said yesterday that it would meet two senior Cabinet Ministers next month to discuss proposals to

return to cities some powers lost in the 1974 Conservative local government reorganisation.

The meetings will be with Mr. William Rodgers, Transport Secretary, and Mr. David Ennals, Social Services Secretary.

These two, with Mr. Shore and Mrs. Shirley Williams, Education Secretary, have been asked by the Prime Minister to study what changes are necessary in the short term to restore the balance caused by the 1974 reorganisation.

The association emphasised yesterday that it sought restoration of responsibility covering only personal social services—non-strategic planning, and highways and traffic management for some district councils. It was not seeking a return of education powers.

'My firm was used,' Altman claims at currency trial

Mr. Lewis Altman told Guildhall court yesterday that he and his stockbroking firm had been "used" by others in a multimillion pound international currency fraud.

Mr. Altman, head of Lewis Altman and Company, was asked by Mr. Michael Worsley, prosecuting, "Do you agree that there was a revolving fund fraud using your firm for the purpose?"

He said: "With hindsight, yes—but not involving either my company, myself or my partner Robert Carnes. We were used." Altman, aged 59, and Carnes, aged 31, face a total of 33 charges and plead not guilty to conspiring with London solicitor Judah Binstock and a number of others between 1974 and 1978 to contravene the Exchange Control Act and to obtain investment currency premium on millions of pounds which were not entitled to the premium.

Mr. Worsley claimed that the defendants and a group of businessmen had operated a "revolving fund exchange con-

trol fraud" which netted a profit of £2m.

The profit came from transactions involving £5.6m. of foreign currency passed off as investment currency. These sums were then sent round the world to complete the process, he alleged.

Altman told the court that in November, 1974, he had helped draft a letter from EIC Eurosecurities to Lewis Altman and Co. instructing them in a transaction involving nearly \$1m.

Binstock, Pierre Cases and Lawrence Green—both also named in the charges—had been present. He said the letter referred to the conversion of \$956,970 for the premium and stated that the money was the result of proceeds of the sale of overseas securities sold on behalf of U.K. residents.

He agreed that under the Exchange Control Regulations the name and address of the beneficial owner of the shares should have been included in the documentation. But he had been working from a 1964 instruction

from the Treasury which placed responsibility on the originating intermediary.

"If this was a meeting of conspirators we would have had the latest EIC regulations and ticked them off as the points were complied with in the letter," said Mr. Altman.

Mr. Worsley suggested that the draft of this letter was a forgery made in 1976 to deceive the Treasury.

Altman replied: "If that was the case I would be sitting here now—I would be sitting in the sun with the other conspirators." He said he had helped to draft the letter because he had asked for it and he knew what documentation his firm required.

Altman then denied arranging "put-throughs"—transactions in which a broker with two clients wishing to buy and sell similar blocks of shares fixed the deal through a jobber who need not see the shares in question.

The case continues to-day.

Retailers' guide to selling law

A REVISED version of a free leaflet giving advice to retailers on the law relating to the sale of goods has been prepared by the Department of Prices and Consumer Protection.

A Retailers Guide: Changes in the Law relating to the Sale of Goods, now includes the provisions of the Unfair Contract

Terms Act 1977, effective from February 1, as well as the Supply of Goods (Implied Terms) Act 1973. It explains how the changes affect the retailer and customer.

It describes the buyer's rights, what a retailer should do when a customer claims goods are defective and whether he can

pass on responsibility for defective goods.

It also explains that, under the new legislation, the rules for goods which are hired, exchanged or supplied under a contract for work and materials are brought closely into line with those for goods which are sold or hire-purchased.

British life insurance cheapest

By Eric Short

BRITISH LIFE insurance is the cheapest in Europe, according to a study undertaken by a Belgium consumer association.

L'Association des Consommateurs investigated the premium rates and buying conditions of term assurance—policies providing life insurance protection only over a fixed period with no savings element—in six EEC countries: Belgium, Luxembourg, Netherlands, France, West Germany and the United Kingdom.

The report found that premiums for term assurance were by far the lowest in the U.K. Costs in Belgium were double that for the equivalent policy in the U.K. while the U.K. rates were only one-fifth of those in West Germany.

The most expensive U.K. premiums were lower than the cheapest premiums elsewhere. The report quoted the lowest U.K. premium (Phoenix Assurance) for £10,000 cover over 10 years on a man aged 30 as £11.80 annually against £56.70 in Germany.

The report concludes that it would often be advantageous for Belgian, Luxembourg, French or German nationals to take out insurance in the U.K. or in the Netherlands.

It also suggested that the Bureau Européen des Unions des Consommateurs could ask the European Commission why there were such enormous differences in premiums.

Catering turnover rises 13%

CATERING TURNOVER in Britain during the fourth quarter of last year, at current prices and after seasonal adjustment, was 3 per cent. higher than in the previous three months and 13 per cent. more than in the final quarter of 1976.

For last year as a whole, turnover was 12 per cent. higher than in 1976, according to the Department of Trade.

The licensed hotel and holiday camp sectors, turnover rose 21 per cent. at current prices during the final quarter of last year compared with the same period a year earlier.

For restaurants, cafés and fish and chip shops the increase was 17 per cent., for public houses 10 per cent. and for canteens 9 per cent.

Whitbread to close brewery

By Kenneth Gooding, Industrial Correspondent

REORGANISATION OF the production and distribution facilities of the West Pennines trading division of the Whitbread brewing group will cost 176 jobs.

The company is closing its 100-year-old brewery at Blackburn where 116 are employed. Three soft drinks depots operated by the R. Whites subsidiary, which employ about 60 people, are also to go.

Whitbread said yesterday that a substantial number of Blackburn brewery employees would be offered alternative work at its £27m. brewery at Salford.

Most of the soft drinks workers—at depots at Liverpool, Stockport and Birkenhead—would be offered other employment in the area.

Those who did not stay on would receive "generous redundancy terms."

Mr. Richard Bowman, managing director of Whitbread West Pennines, said that the overall objective was "to strengthen the company and improve efficiency so that we are better placed to penetrate a highly competitive market."



MR. TOM McAULIFFE: "Leeway made up."

Green Shield chief forecasts better sales and profits

FINANCIAL TIMES REPORTER

IMPROVING PROSPECTS for trading stamps in favour of straight cash discounts.

No performance figures have yet been published for the year ended November, 1977, by Green Shield, a private company owned by Mr. Richard Tomkins.

The company also announced the launch yesterday of a scheme to give Green Shield stamp savers better value at the 65 discount showrooms run by Argos, a sister company, also owned by Mr. Tomkins.

Under the scheme, first announced last December, shoppers will get a reduction of 5p on goods for every complete book of savings stamps.

Other moves in a £2m. promotion and investment package announced by Mr. McAuliffe included the addition of 20 new showrooms to the Argos chain by June, mainly via the conversion of Green Shield redemption centres, and publication of an expanded Green Shield discount catalogue.

Last summer, Tesco, which accounted for about a fifth of

Green Shield turnover, dropped trading stamps in favour of straight cash discounts.

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Fruitmen issue oranges plea

By RICHARD MOONEY

BRITAIN'S FRUIT trade has appealed to the Press yesterday to put the record straight to the health risks implied by the recent mercury contamination scare. This has cut demand for small quantities of metallic mercury presented no significant health risk. The Department of Health had not felt it necessary to advise the public against buying oranges.

The National Federation of Fruit and Potato Traders and the Fruit Trade Federation have said that reports of "poisoned" oranges had done enormous damage to their members' trade. "Oranges contaminated with

mercury are not poisoned," Mr. John Hayes, chairman of the fruit and potato traders' federation, said.

Medical opinion was unanimous that the consumption of small quantities of metallic mercury presented no significant health risk. The Department of Health had not felt it necessary to advise the public against buying oranges.

Mr. Alick Glass, chairman of the federation's importers' committee, said that the public had

Wives 'worth nearly £90 a week'

By Eric Short

A WIFE'S worth in the home in, on average, nearly £90 a week, according to a survey commissioned by Liberty Life Assurance. The sum represents the total cost of hiring outside help to deal with the work done in the home by wives in looking after the house and children.

The survey analyses the cost of employing a full-time housekeeper. A full-time nanny to look after young children, a daily help and other persons to do odd jobs around the house and garden.

The most expensive area out of seven studied is London and the south-east at £114.30 a week. Cheapest is Ulster at £77 a week.

The company also found that few husbands had any form of insurance on their wives to help cope with the financial consequences of losing a wife through death.

It stated that husbands simply did not realise the financial value of the work provided by their wives, and did not face up to the possibility of having to run their homes without them.

To meet this financial liability, the company has launched a family circle life insurance package. It is taken out for a selected period, with options to continue, and pays a lump sum on the death of the wife during this period which can be taken as income, together with a return of premiums paid.

Should the wife survive the selected period, then the premiums paid, allowing for tax relief, are returned to the husband.

The plan can also be taken out by wives on the lives of their husbands or written on both lives.

Legal and General Assurance Society carried out a similar survey in October 1975. The cost of a wife's services then was on average £71 per week. Again it was found that few husbands took out any kind of insurance on their wives and the company accordingly launched a joint life family income benefit plan.

Malaysian Concorde ban may feature in talks

By MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE problem of Concorde flights to and from Singapore over the South China Sea is expected to be discussed at renewed Anglo-Malaysian aviation talks this week in Kuala Lumpur.

The talks are officially about the Anglo-Malaysian air services agreement, and it is up to the Malaysian Government to raise the Concorde issue.

Aviation observers in Kuala Lumpur and Singapore believe that Concorde will figure largely in the talks. Malaysian dissatisfaction with the air services agreement is thought to be the cause of its objections to Concorde.

The Malaysian ban on Concorde overflights in December, shortly after flights to and from Singapore began, was attributed to that country's environmental concerns.

Discussions between U.K. aviation officials and the Malaysian Ministry of Communications have sought to allay these fears, while British Airways has suggested new flight paths for Concorde to avoid Malaysian territory. Neither effort has succeeded.

U.K. aviation quarters argue that if these matters were really the cause of Malaysia's objections, they could have been settled by now. It is thought that the cause lies much deeper—either in dissatisfaction with the Anglo-Malaysian air services agreement, or in Malaysian political attitudes to Singapore.

The report is being used by the Department of Trade responsible for civil aviation affairs, will be trying in this week's talks to learn Malaysia's views on the agreement.

Helicopter facilities improved

BRITISH AIRWAYS has completed a £700,000 expansion of its helicopter facilities at Sumburgh Airport, in the Shetland Islands, to cater for the growth in its support operations for the North Sea oil and gas industry.

The new hangar and facilities for four Sikorsky S-63N helicopters have been built.

British Airways Helicopters has doubled the size of its helicopter fleet in Sumburgh during the last year and by April will be operating 12 S-63s out of the airport, carrying more than 12,000 passengers a month to 12 production platforms and other installations.

The company handles more than 50 movements a day at Sumburgh, increasing to 80 a day this summer.

Channel Islands call for U.K. charter flights

THE Channel Islands Air Advisory Council has urged the U.K. Civil Aviation Authority that "serious thought" should be given to operating charter flights to the islands from distant parts of the U.K.

Previously, the islands' authorities have opposed charter operations from the mainland, believing these would damage their scheduled air links.

The council says that it understands this but adds that an effective scheduled service could exist alongside charters from such areas as Glasgow, Edinburgh and Newcastle.

The islands are losing tourist traffic from the north of England and Scotland because of high air fares. It is claimed.

An application for a new air service between Alderney, Jersey, Guernsey and Cherbourg has been made to the Civil Aviation Authority. The new company, Alderney Air Ferries, plans to fly Islander craft on regular passenger and freight services.

Plastics set for rapid growth

By KEVIN DONE, CHEMICALS CORRESPONDENT

THE PLASTICS processing industry is "excessively fragmented" and suffering from an inability to generate funds for product and process investment, according to a report from the Rubber and Plastics Research Association.

The association says in a survey of the specialised sector of glass reinforced plastics that U.K. demand is still expected to grow rapidly.

In the five years to 1980, demand is expected to grow by some 7.5 per cent. a year from 76,500 tonnes in 1976 to 103,000 tonnes in 1980. A slightly slower growth rate of 6.5 per cent. is predicted from 1980 to 1985.

The market for glass-reinforced plastics is now worth about £19m. in the U.K. and is dominated by the thermosetting plastics, which is expected to grow at about 16.5 per cent. a year to 1980, almost doubling its market size from about 6,500

tonnes in 1976 to 12,000 tonnes in 1980.

U.K. consumption of thermoplastics was very low compared with other countries such as West Germany. The biggest U.K. outlet was in electrical uses and appliances, and it was the car and commercial vehicles markets which were particularly underdeveloped compared with the Continent and the U.S.

The report is being used by the Department of Industry, which commissioned it, for guidance in the allocation of grants and loans to plastics processors.

The association says that par-

ticular attention must be paid by Government to the industry's investment needs and possible selective financial assistance.

The fragmented structure of the industry, which in the sector of reinforced thermosetting alone includes 1,500 to 2,500 small firms, was a major cause of the economic difficulties. Small companies existing on low overheads were especially susceptible to producing inferior quality products owing to poor workmanship.

The economic problems of the plastics processing industry are guaranteed greater prominence soon after the decision by the National Economic Development Council to set up a plastics processing sector working party for the first time.

Among the aims of the industry are a doubling of export sales over the next three years, a reduction of imports in selected areas, and the raising of the value-added per employee in the industry by 30 per cent. over the next three years.

Factory of Fibre Reinforced Plastics (FRAP), Sharnbury, Shropshire.

U.K. GLASS REINFORCED PLASTIC CONSUMPTION

	1976 Growth Rate	1980 Growth Rate
Tonnage p.a., 1976-80	Tonnage p.a., 1980-3	
	%	%
Glass Reinforced		

SOURCE: Rubber and Plastics Research Association.

Utah International Finance Corp.

8% Guaranteed Sinking Fund Debentures Due March 15, 1987

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of March 15, 1972 under which the above described Debentures were issued, Citibank, N.A. (formerly First National City Bank), as Trustee, has drawn for redemption on March 15, 1978 (the redemption date), through the operation of the Sinking Fund provided for in said Indenture, \$330,000 principal amount of Debentures of the said issue, bearing the following distinctive numbers:

COUPON DEBENTURES OF \$1,000 PRINCIPAL AMOUNT OUTSTANDING

20 1080 3334 3726 4720 5963 7192 8646 9886 11196 12288 13594 14412 15666 16962 18294 19237	21 1094 3399 3772 4745 5988 7217 8671 9911 11219 12311 13617 14435 15689 16985 18317 19260	22 1108 3413 3786 4758 6001 7240 8694 9934 11242 12334 13640 14458 15712 17008 18340 19283	23 1122 3427 3800 4772 6015 7254 8708 9948 11256 12348 13654 14472 15726 17022 18354 19297	24 1136 3441 3814 4786 6029 7268 8722 9962 11270 12362 13668 14486 15740 17036 18368 19311	25 1150 3455 3828 4800 6043 7282 8736 9976 11284 12376 13682 14500 15754 17050 18382 19325	26 1164 3469 3842 4814 6057 7296 8750 9990 11298 12390 13696 14514 15768 17064 18396 19339	27 1178 3483 3856 4828 6071 7310 8764 10004 11312 12404 13710 14528 15782 17078 18410 19353	28 1192 3497 3870 4842 6085 7324 8778 10018 11326 12418 13724 14542 15796 17092 18424 19367	29 1206 3511 3884 4856 6099 7338 8792 10032 11340 12432 13738 14556 15810 17106 18438 19381	30 1220 3525 3898 4870 6113 7352 8806 10046 11354 12446 13752 14570 15824 17120 18452 19395	31 1234 3539 3912 4884 6127 7366 8820 10060 11368 12460 13766 14584 15838 17134 18466 19409	32 1248 3553 3926 4898 6141 7380 8834 10074 11382 12474 13780 14598 15852 17148 18480 19423	33 1262 3567 3940 4912 6155 7394 8848 10088 11396 12488 13794 14612 15866 17162 18494 19437	34 1276 3581 3954 4926 6169 7408 8862 10102 11410 12502 13808 14626 15880 17176 18508 19451	35 1290 3595 3968 4940 6183 7422 8876 10116 11424 12516 13822 14640 15894 17190 18522 19465	36 1304 3609 3982 4954 6197 7436 8890 10130 11438 12530 13836 14654 15908 17204 18536 19479	37 1318 3623 3996 4968 6211 7450 8904 10144 11452 12544 13850 1
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One doesn't have to be successful to have style.



But it helps.

The world of fine luxury cars has produced many brilliant examples. At BMW we felt it would be unnecessary and prohibitively expensive to create a car with even more luxury than the best available at the moment.

The concept design basis of the BMW 7 Series was not, therefore, to produce simply another exceptionally comfortable car, but one with a dynamic and refined performance.

Luxury

The first impression one has when looking at one of the 7 Series is a car of exceptional yet quiet beauty, of disciplined power and of engineering and coachwork of the very highest quality.

Sit in the car and one immediately has the feeling of absolute comfort and excessive spaciousness especially in the back. The seats are anatomically designed for both comfort and support. The driver's adjusts for reach, angle and height.

Heating and ventilation is very sophisticated and can be finely set. Pneumatically controlled, warm and cold air are premixed and delivered in three controllable zones—face, body and feet. Air directed at the face is about 8% cooler than air to the feet, so the ideal of 'cool head warm feet' is achieved. In the 730 and 733i the rear passengers have their own independent heating and ventilation which they control themselves. Ventilation is also channelled into the front side windows for immediate demisting.

Quietness is now quite outstanding. Wind noise has been drastically cut by aerodynamic design and closer bodywork 'fit' and engine noise is even lower due to new sound damping.

In the areas where luxury cars excel—design, quality, comfort and quietness—the 7 Series has found new and better technological answers.

Performance

Most luxury cars are heavy and, whilst being fairly fast in a straight line, have neither good handling nor 'agility.' They are passive rather than dynamic cars. This is not the case with the 7 Series.

The chassis combines two apparently contradictory extremes—luxurious ride with exceptional handling. The new front suspension allows softer ride whilst giving better stability with less 'dive' and 'roll.' At the rear the race proven semi-trailing arm is used. All wheels independently and correctly align themselves for the best possible ride and hold on the road regardless of the surface or camber.

Once in the car one realises that the cockpit is totally driver orientated. Seat and steering can be adjusted to any driver for maximum comfort and ease of control. Considerable research has gone into the layout and has resulted in a 'wrap around' console. All dials are equi-distant from the driver's eye, all controls come immediately to hand.

As soon as one drives the car one understands the advantages of the BMW philosophy of making the driver the essential element of car design. Stress and difficult situations are reduced and the pleasure of being able to drive both courteously and as one pleases is very rewarding.

Safety

The core of the 7 Series 'passive safety' is the passenger compartment. This rigid cell with its integrated roll over bar, longitudinal and vertical supports remain intact on impact when the front or rear safety zones absorb energy. Inside the car, padded upholstery has been developed into a complete protective system. It operates at three different levels—face, shoulder and below window level with different forms of padding to give maximum protection.

In 'active safety' terms the driver is the essential element. So everything is designed, researched and developed to make his task simpler and more efficient.

The 7 Series incorporates many highly advanced, technological improvements to help prevent the worst happening. The most important being the new 'double pivot front suspension.' This gives exceptional directional stability—should one wheel hit slush, or a tyre burst, the car will remain on line.

This stability allows a new dual braking system—if there is a failure the car brakes on one front wheel and the opposite rear wheel which, with the new front suspension, eliminates slewing.

Driving Pleasure

The 7 Series combine performance and comfort in a way that no other cars have done before. A passenger has all the luxury, the smoothness of ride and the quietness to make any journey a pleasure. The driver has the effortless power and performance which encourages a new spirit of driving.

This, then, is the new BMW 7 Series range. Cars in the very highest luxury class with sophisticated, refined and powerful performance. A unique and exceptional choice amongst the world's greatest cars.

Performance glossary (Manual figures only. Source BMW)

728: 2.8 litres, 170 bhp, 0-60 in 10 secs, max 120 mph

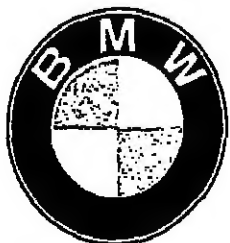
730: 3.0 litres, 184 bhp, 0-60 in 9.4 secs, max 125 mph.

733i: 3.3 litres, 197 bhp, 0-60 in 8.9 secs, max 128 mph.

Prices: 728: £8,950.00. 730: £10,540.00. 733i: £11,550.00.

All prices correct at time of going to press.

Leasing: In today's financial conditions, leasing a BMW can create substantial advantages. Your BMW dealer will be happy to put you in touch with expert advisors on leasing who can describe the schemes in detail.



The new BMW 7 Series. For the joy of motoring.

BMW Concessionaires GB Ltd, 991 Great West Road, Brentford, Middlesex. 01-568 9155. Export, NATO & Diplomatic: 56 Park Lane, London W1 01-629 9277.

APPOINTMENTS

OVERSEAS DEVELOPMENT

KNOW-HOW: vital to developing countries

Chief Financial Officer

Water Supply and Sewerage Project

Nepal

To prepare annual budget together with prediction of long term capital and operating expenditures; staff training requirements; continuous review of actual against budgeted expenditure and control of internal accounting and auditing methods. Applicants should have professional qualification and financial methods practised in public utilities. Appointment 2 years. Salary (UK taxable) to be arranged plus tax free overseas allowance in range £740-£2,400 p.a. (Ref. 328 D)

Investment Adviser

(National Development Bank Ltd.)

Sierra Leone

To upgrade quality of project appraisal and supervision; identify and prepare industrial and agricultural projects for financing; train local staff and assist Director of Finance. Applicants: 40-55 must have good degree in Finance, Economics, Business Administration or Commerce, with good experience in Development Finance Company or Investment Banking Institution. Appointment 2-3 years. Salary (UK taxable) to be arranged plus tax free Overseas Allowance in range £1,455-£3,345 p.a. (Ref. 328 D)

Cost Accountant

Industrial Services Institute (ISI)

Thailand

As a member of international team; duties will include planning and implementation of training programmes and seminars for local personnel and also extension schemes. Applicants must have university degree in Accountancy, Economics, Business or Financial Administration or diploma or equivalent professional qualification, with wide experience in industry, in fields of costing, financial management and administration. Appointment 2 years. Salary (UK taxable) £9,500 plus tax free overseas allowance in range £1,390-£3,085 p.a. (Ref. 328 D)

The posts are wholly financed by the British Government under Britain's programme of aid to the developing countries. In addition to basic salary and overseas allowances other benefits normally include paid leave, free family passages, children's education allowances and holiday visits, free accommodation and medical attention. Applicants should be citizens of the United Kingdom.

For full details and application form please apply, quoting reference stating post concerned, and giving details of age, qualifications and experience to:-



Appointments Officer,
MINISTRY OF OVERSEAS DEVELOPMENT,
Room 301, Eland House,
Steg Place, London SW1E 5DH.

HELPING NATIONS HELP THEMSELVES

Millbank Technical Services

COMPANY SECRETARY

circa £9,000

The expansion of sales of defence equipment to overseas governments and the associated growth of our UK and overseas based operations necessitates the creation of a new appointment as Company Secretary, based at its head office in Victoria.

The person appointed will act as Secretary to the Board and provide a service to the Chairman and Chief Executive on all aspects of the Company's statutory and legal obligations and will, in addition, be expected to assume responsibility for a range of management functions associated with the administration of the Company's head office, the operation and development of a management information system and the co-ordination of P.R. activities.

Applicants, ideally Chartered Secretaries or legally qualified, must have had at least 5 years' experience in the Secretarial function at a senior level in a medium sized firm, preferably in a comparable field of activity. Experience in dealing with government departments would be an added advantage.

The Company operates a non-contributory pension scheme. Annual leave is 5 1/2 weeks.

Applications giving career details should be sent to the Personnel Director at the address given below, quoting reference ADM/2/78/FE by 27 February.

Millbank Technical Services Ltd.,
4 Abbey Orchard Street,
London SW1P 2JL.

MIS

Harris & Partners, an international firm of Consulting Engineers with worldwide associations, have immediate vacancies (male or female), both in London and Overseas (single status) for:

SENIOR COST/SYSTEMS ANALYST

— B.Sc./M.I.C.E.

Required for a leading role with a team developing parametric cost estimating and planning relationships plus other budget forecasting techniques for large overseas civil engineering projects. The successful candidates must have upwards of 15 years experience with a strong background in study work on project management problems using computers. The depth of experience required calls for a Graduate currently earning up to £10,000 per annum.

ANALYST/ENGINEERS

Vacancies also exist for Graduates with a minimum of three years experience on cost/budget and planning techniques to join as members of the development team.

Please write with full career details quoting LO 12 to The Manager, Personnel Department,

Harris & Partners
Consulting Engineers

York House, 199 Westminster Bridge Road,
London, SE1 7UL

GENERAL MANAGER

International Operations Assignment

An aggressive, medium-sized, USA, independent oil company has an immediate position available in an attractive foreign location for an individual with a college degree or equivalent in Geology or Petroleum Engineering and at least 20 years varied oil and gas experience. Specific experience must have included recent line management responsibility for a foreign exploration and production operation including responsibilities for direct interface with foreign government officials. Ability to speak and read French will be a definite asset. The position is responsible for management of a current exploration operation now in advanced stages with potential for future growth if production operations can be developed.

For immediate and confidential consideration, forward your resume complete with salary history, availability, and geographical preference data to

Box E602, Financial Times
10, Cannon Street, EC4P 4BY

We Are An Equal
Opportunity Employer
M/F

PENSIONS DOCUMENTATION

We are an established life and pensions office of high repute and with funds in excess of £400m.

To strengthen our pensions documentation team we are looking for experienced documentation specialists to join us at our new Bristol Head Office.

Successful candidates will have an extensive knowledge of pensions legislation and have specialised in drafting and negotiating Group Pension Scheme documents. They will also be experienced in advising brokers and customers on the legal, taxation and Social Security aspects of pension schemes. In addition, A.C.I.L. (Life) or a legal qualification is desirable but not essential.

The starting salary will depend on relevant experience and qualifications. First-class employee benefits include assistance with house purchase, a non-contributory pension and life assurance scheme, subsidised restaurant, social club facilities and flexible working hours. Pleasant working environment in modern offices. Relocation expenses and legal fees will be paid where appropriate.

Please apply in writing enclosing a curriculum vitae to:

Miss J. C. Diddcock
Personnel Department
CLERICAL MEDICAL & GENERAL
LIFE ASSURANCE SOCIETY
Narrow Plain
Bristol BS2 0JH
Tel: Bristol (0272) 290566 Ext. 472

ART GALLERIES

AGNEW GALLERY, 43 Old Bond St., London W1, is exhibiting a selection of watercolours by the artist, Mr. J. C. Diddcock, from 17.00-19.00, 5-6, Cork Street, London W1, 10-11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100.

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PARLIAMENT AND POLITICS

Healey admits 10% pay policy stricter than first intended

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT has House to reject it failed by 14 votes. Mr. Geoffrey Howe, Chancellor of the Exchequer, admitted that the Government's original intention was to impose a 10 per cent. pay policy, but that it had been made stricter than first intended.

Mr. Healey, who was replying to a second Conservative attack on the Government's "black list" of companies, said that the Government was acting without authority, but by implication conceded that there was much truth in Sir Geoffrey's accusation.

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Sir Geoffrey Howe complained that "jackboot justice" was apparently supported by Liberals.

It would be quite ridiculous to confine the operation of the pay clauses to the particular year in which the contract was signed," he said.

Sir Geoffrey Howe, the shadow Chancellor, accused the Government of "jackboot justice" and of "reaching round the garbage cans of government" in their search for arbitrary sanctions.

The House was debating a Conservative motion declining to support the Government's arbitrary use of economic sanctions against firms which negotiated settlements outside the pay code. It called upon the Government to withdraw the new contract clauses on public purchasing announced last week by Mr. Roy Bates, the Prices Secretary.

It was the second time in a week that the Opposition had mounted an offensive with the intention of defeating the policy. Last Tuesday, a Conservative attempt to persuade the

House to reject it failed by 14 votes. Mr. Geoffrey Howe, Chancellor of the Exchequer, admitted that the Government's original intention was to impose a 10 per cent. pay policy, but that it had been made stricter than first intended.

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Mr. Healey... "compelled towards rigidity."

He would be prepared to use his tax powers to influence pay settlements if the Liberals could show him any means of doing so that would be fair and flexible. But he did not think it possible to use the tax structure to achieve these objectives.

Mr. Healey said that the Government had no intention of "going soft" in the battle against inflation. "I make no apology whatever for what the Government has done over the past 23 years, or for what it may do in the future."

"This Government is not going to use public funds to subsidise firms which are breaking the code, particularly when the great majority of firms and workers, whose taxes provide these funds, are observing the guidelines."

There was laughter from the Opposition when he said that the Government was operating strictly from within the law. Action against individual companies was not taken in secret, but on the basis of confidentiality.

The Government must have the means of achieving its objectives in the private sector, however limited these means were compared with its power as employer and paymaster in the private sector.

"The majority in the country believes this policy is necessary. They see it as a success and its success depends upon it being even-handed."

"There is no chance of powerful trade unions in the public sector accepting the guidelines, if employers and workers in the private sector are free to do as they like."

Mr. Healey said the Confederation of British Industry had no objection to the Government using its discretionary powers. But Mrs. Margaret Thatcher, leader of the Opposition, had put down the hostile motion as "an act of irresponsibility and desperate political opportunism which bore comparison with her remarks on immigration."

In doing so, she had alienated herself from her natural constituency in the business world, and he urged the House to

Sir Geoffrey said that the Government's policy had been to accept a return "to responsible free collective bargaining, free of Government interference." That had general support both inside and outside the House. But that policy expressly excluded a rigid pay limit.

"How far has that flexible policy, which was welcomed on all sides of the House, been abandoned, if it has been abandoned, and what has taken its place?" Sir Geoffrey demanded.

"When did the 10 per cent. average figure turn into a rigid figure and by what authority?" By its failure to explain its original policy, the Government had let the 10 per cent. figure become first a guideline, then a target, and finally, a platform.

"Having set out to return to normal collective bargaining, the Government have ended up with all the rigidities of a statutory system with the added disadvantage that they are entirely lacking in statutory authority," Sir Geoffrey declared.

If there were to be sanctions, they should be clearly defined and those against whom they were applied should be entitled "to notice of their charge" and entitled to defend themselves.

"Every one of these rules of natural justice is now being violated deliberately by this Government."

Turning his attack to the Liberals, Sir Geoffrey said that the Government's "jackboot justice" on pay was now apparently supported by them. The Liberals, he argued, were "ever ready to preach the rule of law in every country but their own."

Sir Geoffrey reminded the Government it had not taken any discretionary action on the Ford settlement. "Why not? Is the Government not still purchasing Ford motor cars? Is it because of the size of the victim or the size of the Labour majorities that might be affected?"

Powell says Tory attack 'justified'

Mr. Reginald Maudling (C. Barnett), a former Tory Chancellor, said the Government had been arbitrary and secretive, and some Ministers arrogant and insensitive.

MPs on both sides professed to believe in a return to free collective bargaining, but it was not the old concept of the phrase, and the enormous changes of recent decades meant that when industrial muscle was used, the public suffered every time.

Modern disputes involved blackmailing the public and the consumer at large.

Mr. Douglas Hoyle (Lab. Nelson and Colne) called for a return to free collective bargaining. The Government's policy was the wrong way to deal with Britain's economic problems. It was a "blunt instrument that is used with all the subtlety of an elephant in a Treasury tea-shop," he said.

Mr. Enoch Powell (U. Down S.) said the policy would not lead to a return to free collective bargaining but to a statutory incomes policy. The Ulster Unionists regarded the Opposition attack as thoroughly justified, he said.

Scottish polls give Labour boost

By Ray Perman, Scottish Correspondent

THE Government has received a double boost in Scotland, with opinion polls showing continuing support for devolution, and a significant lead for Labour over other parties.

A poll published yesterday in the Glasgow Herald showed that 55 per cent. of the electorate still favoured a Scottish Assembly and 23 per cent. were against it. The remaining 17 per cent. were uncertain.

The finding was in line with previous polls. One survey by the same organisation—System Three—a year ago, showed a slightly closer result, with 53 per cent. for and 31 per cent. against.

The result comes when devolution has been undergoing a battering in Parliament. It was repeated in the referendum scheduled for the autumn, a turnout of 60 per cent. of the total electorate would be sufficient to comply with the 40 per cent. rule demanded by the amendment passed in the Commons two weeks ago.

The same polling organisation also reported at the weekend that Labour now commands the support of 38 per cent. of Scottish voters, compared to 25 per cent. for the Conservatives and 37 per cent. for the Scottish National Party. Liberals received 5 per cent. support and the breakaway Scottish Labour Party 2 per cent.

Labour has held the lead in Scotland since October and now has a larger and more sustained margin over other parties than has been achieved by any of its rivals since the October 1974 general election.

The last poll, published in January, showed the party with 34 per cent., compared to 28 per cent. for the Conservatives and 28 per cent. for the Scottish Nationalist Party.

With a Parliamentary election pending at Garscadden, Glasgow, on April 13, this result bodes particularly well for Labour, who will be fighting to hold off a big campaign from the Nationalists.

Islands shipping to get grant aid

GRANTS to shipping companies for maintaining services to the Scottish Islands this year include £2,700,000 to Caledonian MacBrayne.

Mr. Bruce Millan, Scottish Secretary, said this in a Commons written reply yesterday to Mr. James White (Lab. Pollock).

In addition, £800,000 goes to Orkney Islands Shipping Company. A £300,000 grant has also been paid this year to Caledonian MacBrayne towards acquisition of Rannachraig Pier, West Loch Tarbert, and a further grant for improvements will be made in 1978-79.

Benn rejection of EEC refinery plans backed

BY IVOR OWEN, PARLIAMENTARY STAFF

THERE was strong backing from both sides of the Commons yesterday for the stand taken by Mr. Anthony Wedgwood Benn, Energy Secretary, against attempts to apply EEC proposals for limiting oil-refinery capacity to Britain.

Announcing that he had invited Guido Brunner, the EEC Energy Commissioner, to London early in March for talks on the issue, Mr. Benn stressed his intention "to make it clear that I regard this as an absolutely essential interest of the U.K."

There could be no question of the Government encouraging refineries to close in the U.K. He had indicated to Mr. Brunner "the gravity with which the U.K. would regard proposals which might involve directives, or even voluntary guidelines, to be issued by the Commission, which appeared in Le Monde as one proposal which the Commission had in mind."

Mr. Benn had already been asked by the European Energy Council to consider an EEC proposal for consultation within the Community on any new refinery projects.

The Government's response would take account of the tripartite consultations with management and unions in the refining industry. The first of these was on January 24, when unions feared that many of the 12,000 jobs in the British industry could be threatened by Brussels schemes.

The Commission was considering further proposals for the

Hint of new orders for U.K. reactor

BY IVOR OWEN

FURTHER ORDERS may be placed for the British designed advanced gas cooled reactor (AGC) in addition to the two authorised last month: Mr. Anthony Wedgwood Benn, Energy Secretary, indicated in the Commons yesterday.

He rejected Opposition charges that the decision on nuclear reactor policy announced on January 25 had left the industry in a state of uncertainty. Those who claimed uncertainty were disappointed that the Government had not decided to shift at once to the full range of PWR, the U.S. designed, pressurised water reactor, Mr. Benn declared.

Having failed to persuade the Government that "the right" or even the customer — they are now going round saying that there is uncertainty. There is no uncertainty."

Mr. Benn then reaffirmed that the Government's view was that the decision on ordering the PWR should be made in "due time."

He told MPs that to provide the option of adopting the PWR system in the 1980s, the government had endorsed the declared intention of the Central Electricity Generating Board to order a PWR station providing design work was satisfactorily completed and all necessary government and other consents had been obtained.

In deciding whether to give

BNOC 'not dictating North Sea policy'

BY IVOR OWEN

TORY ALLEGATIONS that the British National Oil Corporation dictates the policy of the Department of Energy in the North Sea were dismissed as "mischievous" by Dr. Dickson Maben, Energy Minister, in the Commons yesterday.

"BNOC is a State Corporation and enjoys the same relationship as does any other State oil corporation. It has no regulatory or supervisory functions, and is entirely an adviser to the Government," he said.

Mr. Tom King, shadow Energy Minister, said BNOC had an advisory function.

Labour MP fears unrest over pit incentives

THE NEW miners' incentive schemes would lead to "widespread industrial unrest," Mr. Richard Kelley (Lab. Don Valley), a former miner, said in the Commons yesterday.

But Mr. Alex Eadie, Energy Under-Secretary, also an ex-miner, said he would not want to "hang his hat" on such an argument until the schemes had run longer.

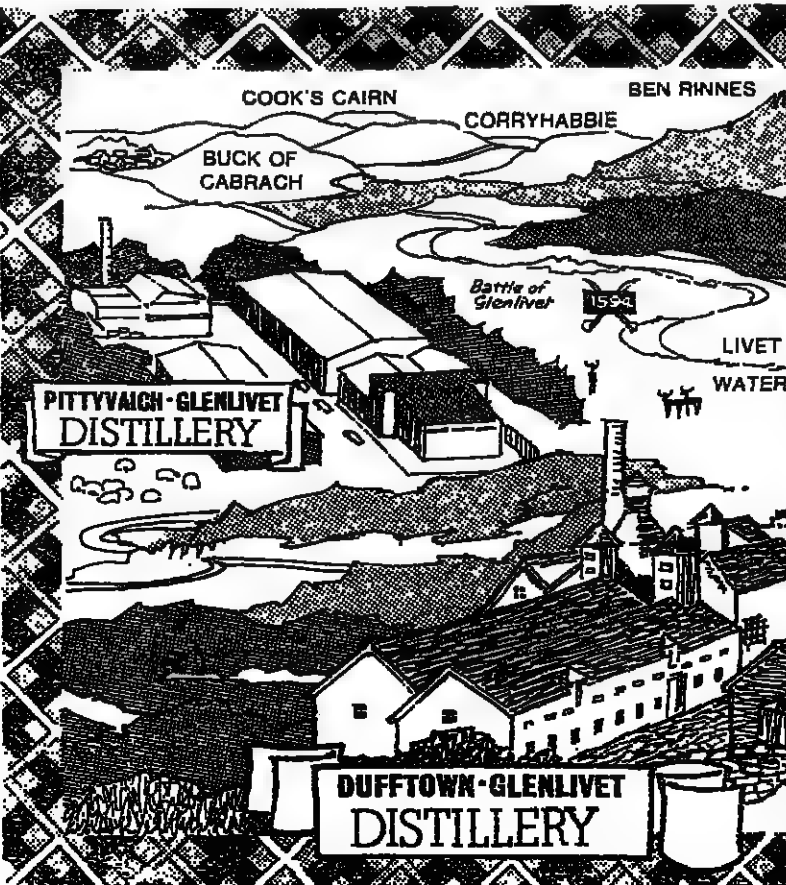
Bonus schemes were only fully operational in a third of collieries. In those pits, output was 10 per cent. higher in January than the October and November levels before the schemes started, he said.

Guatemala aid protests

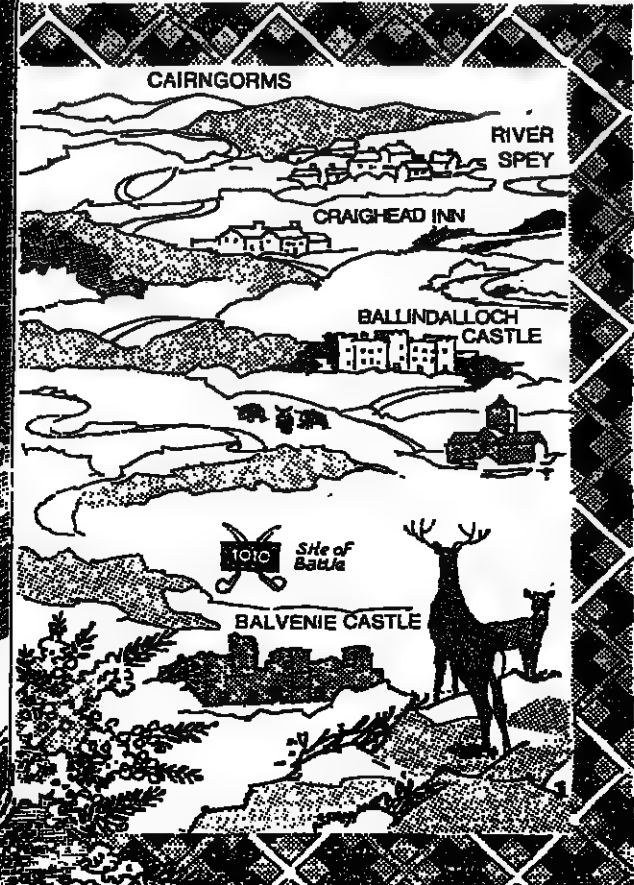
THE GOVERNMENT yesterday defended its aid programme to Guatemala and Nicaragua in the face of opposition from both sides of the Commons.

Mr. John Gummer, Secretary for Foreign Affairs, told MPs that Britain's bilateral assistance to Guatemala this year

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Is it the soft, gentle water from the Speyside burns? The rich Highland barley? The smoke of the peat? The eight mellow years of ageing? Yes it is all these—and something more that make Dufftown Glenlivet a malt of great quality and character.



FROM THE HOUSE OF BELL'S - AN INDEPENDENT SCOTCH WHISKY COMPANY

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOTERS

DATA PROCESSING

BASF disc launch sets a pattern

IN LAUNCHING its top end of the range computer disc drives of the fully enclosed type last week (using the so-called Winchester technology), BASF is presenting a challenge to IBM across a broad range of magnetic memory media.

The Winchester technology, on which BASF has improved, is that of the combined disc pack and drive, in which the pack contains both disc and read-write heads. This allows the packs to be sealed, which, because it removes the possibility of stray dust, hairs, or grease marks, allows for reduction in the space between heads and the disc media. Such a reduction in separation, of course, is essential when trying to increase both speeds and life.

BASF claims a data transfer rate some 25 per cent faster than with the IBM equivalents.

The six models in the BASF 8350 family consist of three fixed-head drives of zero access time, each of 1.144.140 bytes, and three 317.5 megabytes per drive units, the model selection

depending on the way they need to be coupled and the control units to be used. It is possible to couple them as to give 2.540 megabytes on line, and for security, the 6350 disc packs can only be removed from the drive by a field engineer.

BASF indicates that its prices are "substantially below" IBM and that any IBM reductions will be matched step by step. First deliveries in the U.K. are scheduled for the end of March. BASF uses its own magnetic recording expertise, manufactures its own media (it should not be forgotten BASF was among the first recording tape and disc manufacturers) and is working jointly with Japanese partners from the Hitachi/Fujitsu group on the mechanics and electronics, but using lower cost assembly areas in the Far East for some of the work, it is believed.

If this becomes the pattern for the future of high-technology peripherals, it could become difficult to live with even for IBM and CDC.

Tape stores the data

DATA WRITING equipment, the UDS 5000D, which uses paper tape as the storage medium, has been launched by Ultronic Data Systems, a Dowty Group company.

The new machine is particularly suited to the preparation of a range of typed business forms, such as invoices, purchase and work orders, invitations to tender, and customs and shipping documents which contain a high degree of prescribed information and format, and hence a large amount of repetitive typing. Data prepared on the UDS 5000D can be entered directly

into a computer via the machine's punched tape.

Either one or two tape readers can be fitted, and a tape punch, and the single element "type-sphere" prints at 154 characters per second, 96 characters per line, 10 pitch. Codes are BCD or ISO, and the machine will operate with all normal grades of tape. The punch incorporates full parity and matrix checks to ensure 100 per cent accuracy in tape punching.

Ultronic, UDS House, 3 Jefferson Way, Thame, Oxon, OX9 3SU 084421 8151.

Distributed on Series 1

ALLIED Breweries have signed contracts worth over £1m. for 80 IBM Series/1 computers. Installation of the systems will represent a major move toward distributed data processing.

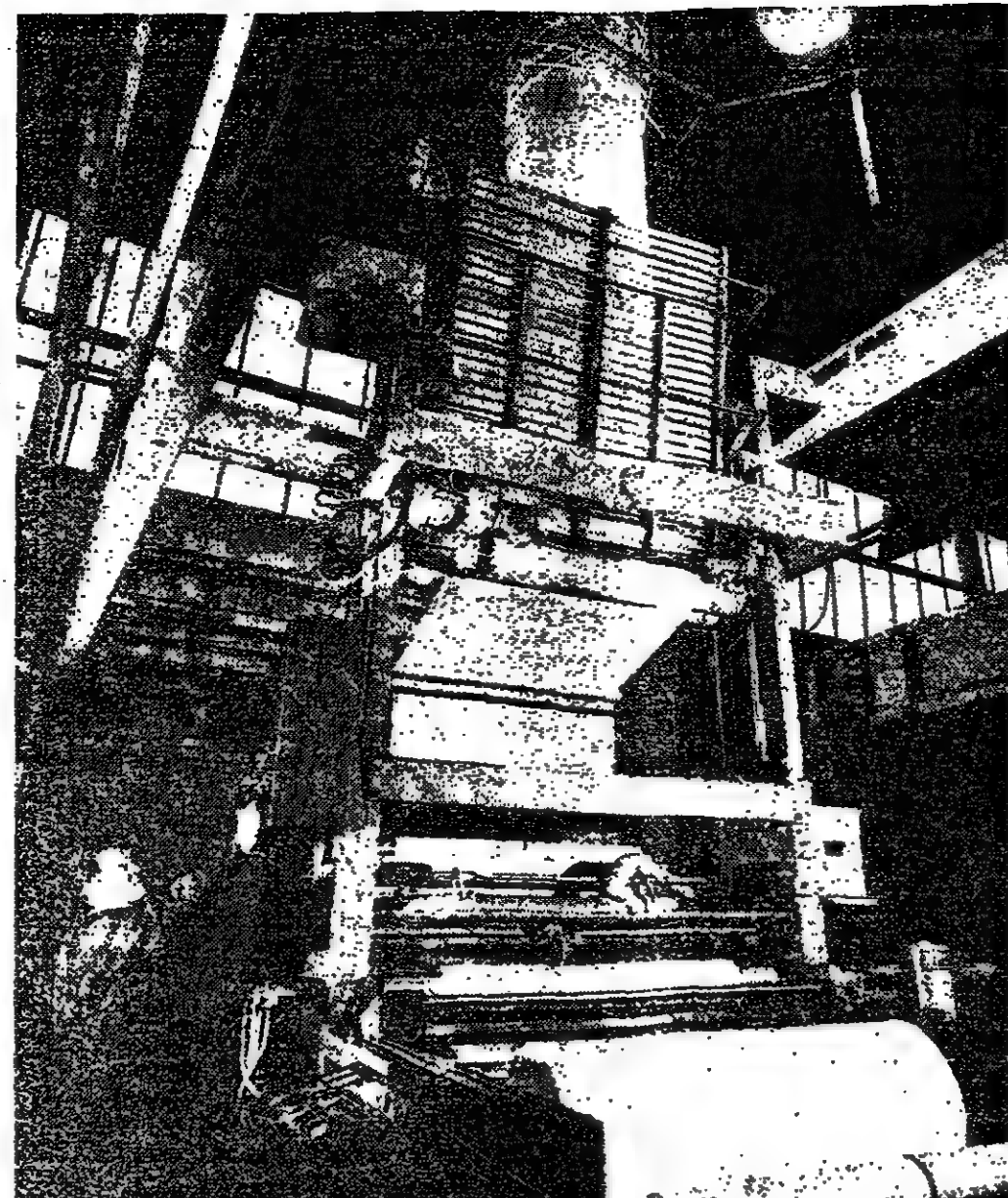
One machine at Burton-on-Trent, delivered in the latter part of 1977, has been used to develop a pilot order-entry and load distribution system and for 80 depots. Other Allied companies demonstration to depot management. Four further machines were delivered in January while the remainder will be delivered progressively over the next two-and-a-half years.

Series/1 allows users to attach a variety of input and output devices such as line printers and keyboard display stations as well

as custom-built devices for special application requirements. Modular in design, all Series/1 units except the printers and display stations can be fitted into a standard 19-inch rack.

Allied Breweries plans to replace an on-line order-entry system at present used by two of its depots with a distributed system. Other Allied companies methods are expected to adopt the distributed processing approach using Series/1. In addition, the distribution based systems, accounting systems will be developed using a PL/1 compiler.

More from Allied on 0253 45320.



This £300,000 Windmoeller and Holscher extruder has been installed at A. J. Bingley's factory in Bristol. It is capable of producing a web of high-density polyethylene film 1.6 metres wide. Both single-wound or tubed polyethylene sheet can be produced for bag-making. Bingley says it is now able to produce up to 2bn. bags a year.

COMMUNICATIONS

EuroNet charges fixed

POST Office has outlined the charge structure for use of the EuroNet packet-switched data transmission network being set up for the EEC.

Planned to come into operation early in 1979, the network will give terminal access throughout the Common Market to a number of scientific, technical and socio-economic data bases. It will initially be a private network but is expected eventually to form the basis of a western European public packet-switched data transmission network.

U.K. subscribers will work through the London packet exchange of the Post Office's system which is now about half-

packet network. There might, however, be a post data-base charge.

The volume charge is £2.30 per Megabit, the duration charge per hour ranging from £1.35 (1200 bits/sec) up to £3.60 (48k bits/sec). Dial-up customers will use the appropriate Datel service and will also be charged at the relevant rate for a call to London and an annual rental of £20.

Customers using private circuits will be charged the normal rates for the circuit and modern in addition to a single payment charge of £150 and an annual rental between £300 (300 bits/sec) and £3,000 (48k bits/sec).

More from Post Office International Customer Services on 01-606 8716.

SERVICES

Cutting the cost of computing

DATA PREPARATION services have been added to the list of facilities available from Centre-File, the computer bureau subsidiary operated by National Westminster Bank.

Centre-File (Data Preparation) has been set up at Romford, Essex with a dual 31 keystation Redifon key-to-disc data capture unit and the company has recruited 70 staff, including keyboard operators.

The Romford centre will take over all other data preparation work now being carried out by the company, including the 55-60 per cent of internal jobs. Eventually, however, it is expected that outside work will rise to some 60 per cent of the centre's loading.

The bureau management will be offering the service to computer users who have no data capture facility of their own but also to those who are spending around £50,000 on such work in house since Centre-File believes it can halve their costs.

More from Enterprise House, 16 Eastern Road, Romford, Essex, Romford 25535.

ENERGY

Plug-in air supply

TO SIMPLIFY factory air supplies and eliminate the need for an air receiver, Hydrovane has developed an electrically driven compressor with an integral control panel, aftercooler, and water separator.

The unit is tripod mounted, and when plugged in to a three-phase supply and connected to the factory air line, provides compressed air as required, at 100 per square inch. Six units are available, from 3 hp delivering 11.4 cfm to 25 hp giving 95 cfm.

Details from Hydrovane Compressor Company, Claybrook Drive, Washford Industrial Estate, Redditch, Worcs. B98 0DS (0527 25322), a CompAir Group company.

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POLLUTION

Cuts waste charges

ADDITION of a fourth storage chamber to which petrol and oil accumulate in three interceptors has transferred periodically by vacuum tanker and the risk of flushing considerable quantities of petrol and oil out of the interceptors at times of storm flows.

In addition to the increased efficiency achieved, a significant reduction in operating costs is made in view of the charges levied by waste contractors for emptying interceptors.

The Hidding interceptors is moulded from high-quality

grp, formulated to withstand the adverse effects of prolonged contact with petrol and oil. The intercepting pipework is formed from stainless steel.

The interceptors are supplied ready for installation, with consequent savings in site costs of 20 per cent of a conventional brick-built interceptor.

Typical applications for the Hidding interceptors are found in the treatment of surface water and waste from garages, filling stations, vehicle washing, engineering works, oil and petrol storage areas, and car and lorry parks.

More from Hidding at 147 Cornaught Avenue, Frinton-on-Sea, Essex CO15 9AB 02555

SECURITY

Seals for containers

FOR SECURITY risks such as containers, trucks, and warehouses, normally secured with a locking bar and padlock. Seals- fast Security Devices has developed a "one time use" identity lock.

It consists of a 5-inch long piece of woven galvanised steel 1 inch diameter aircraft cable; number, etc. The wire to be with crimped end caps. The cable is located through the two holes in the locking bar. This mechanism on the door to be secured, and a cap inserted in arrow, and the twisted wire, which is impossible to remove without destroying the seal. The cable can only be released by cropping off the barrel with bolt cutter. The barrel can be embossed with company name, logo and a seven digit serial number.

The company has also developed a replacement for the lead seal traditionally used on meters. It is a one-piece, two sectional seal, made of polypropylene moulded in various colours, and incorporating name, number, etc. The wire to be sealed is wound round an arrow into the second section. This completely encapsulates the arrow and the twisted wire, which is impossible to remove without destroying the seal.

More from the maker at Powerscroft Road, Slidcup, Kent, DA14 5EF (01-300 7861).

PROCESSING

Swiss watch quartz move

WITH the clear intention of trying to help the world position per million—is carried out with laser beams and takes only two seconds in comparison with about 45 seconds using mechanical methods.

The new plant for the crystals, at Grenchen, will also yield a second source arrangement with ASUAG, a process for making the fundamental timing element in electronic watches (the quartz crystal) cheaply, quickly and accurately.

ASUAG owns the big Ebauches organisation and brands such as Longines, Eterna and Rotary. Ebauches is the prime mover in the deal.

In the new production process the quartz crystals are etched out chemically from basic quartz material instead of being ground out mechanically as in most current processes.

Turning of the crystal—exact trimming to size to produce circuit "in one tiny package."

Employment in Switzerland, however, will not be helped much because the Grenchen line is highly automated and will ultimately employ only about 120 people.

According to Ebauches, research chief Hugo Wyss, the development is a logical step in the direction of uniting the quartz crystal and the micro-circuit "in one tiny package."

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MATERIALS

Protects from fire

APPLIED BY spray gun, a coating has been developed which when used on structural steelwork is claimed to provide 1 hour and one hour fire resistance. Called Therma-O, the material can be used to protect timber, concrete, or plaster, walls and floors. Available off-white or coloured, it is applied as a 500 micron thick coat, and is stated to be resistant to chipping and resistant to mechanical impact while with an additional special top-coat it can also be made to repel condensation. The finish is slightly textured.

When exposed to fire or high temperatures, chemical reactions take place which cause the material to intumesce or foam, producing an insulating carbon layer.

Details from the maker, Fireguard, 32 Muswell Hill, London, N10 3TA (01-883 0139).

INSTRUMENTS

Suitcase gas check

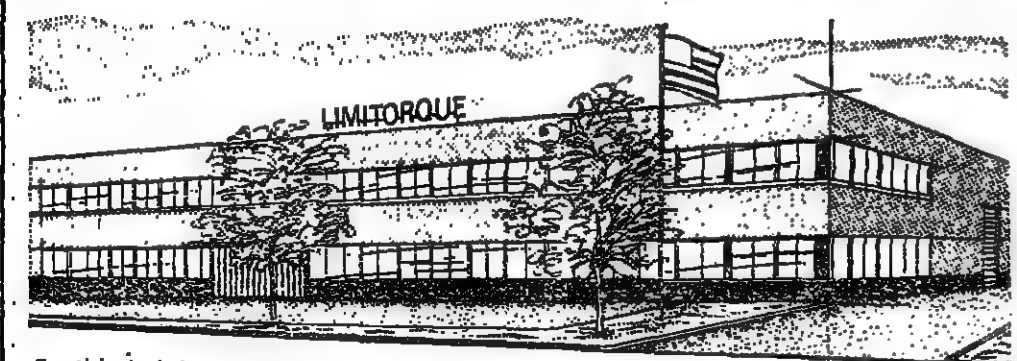
SELF-CONTAINED in a light weight but robust suitcase measuring only 427 x 324 x 103mm, gas monitor 8509 from George Kent Electronic Products makes use of a batharometer detector.

This responds non-specifically to changes in the thermal conductivity of the gas stream; each analyser is calibrated for a particular gas mixture, a moving coil meter showing the percentage of gas in the mixture. Each unit is calibrated at the time of manufacture against precisely prepared gas mixtures, and some 300 choices are available.

Connections to the gas source through a 3mm bore neoprene tube and a similar outlet allow the gas to be safely vented to the atmosphere or returned to the process from which it was obtained. Between the two, a pump, valve, disposable micropore filter passes gas into the batharometer block where the ratio between the two gases in the mixture specifically alters the balance of the Wheatstone bridge.

More from A Rosemary Lane, Cambridge CB1 3LQ (0223 46121).

Limitorque in Europe



an important message for engineers in the petro-chemical, power generation and water treatment industries

LIMITORQUE Corporation, the world's leading maker of valve controls for refineries and power stations, has established its first wholly-owned manufacturing facility outside the United States.

Located at Cuyk, Holland LIMITORQUE BV will operate as an independent European entity, completing our comprehensive international service to customers in Western and Eastern Europe, the Middle East and Africa.

The new \$6m plant, which is likely to double in size in the course of the next few years, is headed by Robert J. Kornsey, who has over 20 years' experience in all aspects of valve actuation, is supported by a complete engineering, production and marketing team.

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FINANCIAL TIMES INDUSTRIAL ARCHITECTURE AWARD 1978

Applications are now invited for the 1978 award for an outstanding work of industrial architecture in the United Kingdom. This is the twelfth year of the award, which has proved a notable success, attracting over 700 entries for judgement in that time.

Entries
The award is open to all designers of industrial buildings, both within the architectural profession and outside it. Nominations of buildings together with the necessary particulars, must be received not later than May 5, 1978.

Conditions
Nominated buildings must have been completed within the two years ending December 31, 1977. A building may be nominated (subject to the time limitation) on two successive years.

Nomination Forms
together with all particulars and conditions can be obtained directly from the Financial Times.

The award will be announced on December 1, 1978.

Please send me a nomination form and further details of the Industrial Architecture Award.

Name _____

Address _____

Post to:
Financial Times
Industrial Architecture Award
Bracken House
10 Cannon Street
London EC4A 3DF

The Management Page

EDITED BY CHRISTOPHER LORENZ

Casting a singular mould in the foundry industry

AND INDUSTRIES has a resilience as tough and durable as its own grey iron castings since it emerged from the most disastrous merger in the Repton Foundry group in 1969. From losses of more than £200,000 just six years ago, the group has been turned to such an extent that its accounts showed profits for the first time in a time when life has been so easy for foundries—particularly for those supplying the car industry and heavy engineering—Midland has had an annual 38 per cent growth over the past four and 84 per cent over five. Only once during that time has growth fallen below 10 per cent.

The group has embarked on heavy investment programme which will cost it £6m. But this should not be a balance-sheet which does not last year of £0.6, less than a fifth of the group's funds of £3.5m. and says it should be able to finance the modernisation of its foundries at its improved cash-flow.

son, a small private company, owned by the family, made a takeover of Midland, an equally small public company. Yet within a year the merger appeared heading for disaster. In the group reported a 15 per cent loss of £200,000 while the group's share price fell from 22.2m. to 10.2m.

Arnold Goldsbrough, vice-chairman and head of foundry division since 1969, says: "Following the merger we had become top with head office management. The chain of command was too long and inefficient. Too much time was being

wasted on empire building, office politics, meaningless paperwork and administration and not enough time was being spent on running the business.

"The management structure had taken on the appearance of the classic inverted pyramid and the year when we made our loss was when all our chickens came home to roost."

A major management reshuffle under Mr. Goldsbrough followed the loss. A number of senior

number of individual manufacturers, was not the ideal customer if the group was to maintain sustained growth," says Mr. Goldsbrough.

"By spreading our interests into other areas (with a wider choice of individual customers) we felt that this would cushion against, either a cyclical downturn in a particular industry, or major disruption at an individual customer. It is so easy to be caught out if you

—during the intervening years U.K. annual car production has fallen from 1.9m. vehicles to 1.3m.

Castings produced by the group's foundries now range from practice bombs for the Ministry of Defence through to tractor components. An important development has been the increase in castings supplied to diesel engine manufacturers (which are fast recovering from the set-back they received after

pening in the current year," says Mr. Goldsbrough.

The group has also spread its business among a number of tractor manufacturers so it was able to shrug off the effects of a long strike at Massey-Ferguson last year.

Equally significant is that Midland believes it has developed a much more efficient management structure based on small tight-knit divisions which operate with a minimum of central control.

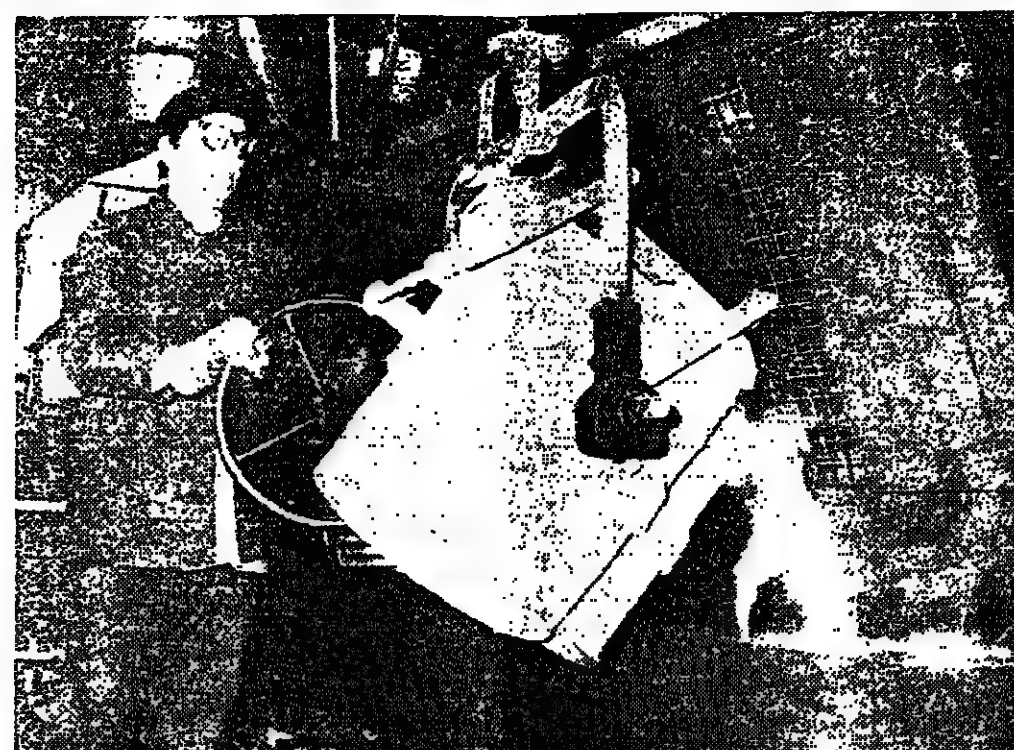
Today there are only five people working from the group head office in Wolverhampton—compared with the 50 or so group and divisional managerial staff who operated out of Wolverhampton in the early 1970s—while Mr. Goldsbrough runs the foundry division, which produced almost 80 per cent of profits last year, from the group's largest foundry at Bingley, Yorkshire.

"I was requested to move to the Wolverhampton head office after the merger but I have always believed that it is important for management to be where the action is and not sit in some kind of ivory tower, miles away from where the real decisions have to be made," says Mr. Goldsbrough.

"We have tried to aim at a kind of loose federation within the group with as much local autonomy as possible—so that the men on the spot are not frightened of taking decisions, and if necessary, corrective action can be taken immediately without going through a convoluted chain of command."

It is indicative of the group's approach that its Bingley plant—producing thousands of all castings last year—has an official sales staff of one.

"All the managers here are salesmen," says Mr. Goldsbrough. "We can all go out and get orders and if there are



Casting at one of Midland Industries' foundries in Birmingham.

any problems then I expect customers to ring straight through to me or any of the senior managers so that there is no time lag while memos are written before action is taken."

The group appears to enjoy good labour relations. The Bingley plant operates a two shift system (which the group says is very unusual for the foundry industry) and has had only one serious strike in the last six years. This involved maintenance engineers but did not halt production.

Midland believes that its workers' attitudes are moulded by a piecework system of payments which prevails in the foundry industry. "We provide bonus payments when output targets are exceeded and most workers should be able to earn at least £100 (gross) a week. We find that the workers themselves quickly sort out any shirkers," says Mr. Goldsbrough.

"Motivation is terribly impor-

tant. I believe strongly in an entrepreneurial approach to business and try to persuade everybody at the company to regard themselves as 'self-employed,' only getting out of the job what they have put into it. It might all sound naive but it has been a successful management formula for this group foundry industry."

Underlining the successful way in which Midland has emerged from its difficult times is the fact that it has recently spent £2m. modernising its foundries and plans to spend a further £3m. to £4m. by 1980—even though the Government has turned down the group's latest application for an £800,000 grant under the foundry aid scheme.

The investment is needed to lift the group's output of castings from 60,000 tonnes a week to 100,000 tonnes a week over the next three years, Mr. Goldsbrough says. "We are very dis-

appointed with the Government's reaction. It would seem that other lame-duck operations have been given money when our application based on sound and consistent profit growth has been turned down—but with or without Government help we shall go ahead with this expenditure."

Mr. Goldsbrough does not see the group trying to extend castings output beyond 100,000 tonnes a week. "It's a sensible ceiling for a group this size. Once you go beyond this kind of target then you start to get all the old management problems that size brings with it; while you would probably have to grow much larger before the economies of scale start to work through."

"I believe that once we have reached this target then we will have reached a sensible limit for organic growth—without losing management efficiency—and so we will start looking around for other fields to invest in."

Employee participation in Europe

LOYEE PARTICIPATION has been a topic of discussion during the past few years. A confusing variety of statutory and voluntary schemes have emerged in different countries.

In each case, the significance of developments cannot be understood unless they are related to the statutory and voluntary schemes, and the relationship between the two is often difficult to make with-

BOOK REVIEW BY JOHN ELLIOT

out all the relevant facts and a recent publication from Management Centre Europe helps to fulfil this need. It is a loose-bound collection of fact sheets on practices and traditions in different countries. It also includes diagrams to show the relationship between a company, its workers and its unions. It contains a special section

on profit sharing, and starts with tables showing how different countries handle single issues—such as worker directors or safety representatives.

Inevitably, however, such a publication tends to be somewhat generalised and this may sometimes lead to errors. In this case, the position of shop stewards in the British engineering industry is incorrectly attributed to the whole country, while the Bullock Report's recommendations for worker directors envisaged that such people would be elected by trade unionists in a company, not, as this publication says, appointed by unions.

Nevertheless, it is a valuable aide memoir to practices in Western Europe.

Industrial Democracy in Western Europe: by John Alan James and Ralph Coles; Management Centres International, Management Centre Europe, Avenue Des Arts 4, 1040 Brussels, Belgium; B.Fr. 6,850.

Business books

Interactive Forecasting, by Spyros Makridakis and Steven C. Wheelwright. Holden-day Inc., San Francisco, \$25. The aim of this publication has been to rationalise the many different approaches to forecasting and to provide users of the book with a simplified and integrated approach to the subject.

Business Survival and Social Change, by John Hargreaves and Jan Dauman. Associated Business Programmes, £8.95. An analytical approach to the problems of business survival in a changing environment.

The Businessman's Guide to the Middle East, by Lillian Africano. Harper and Row, £8.95 and £2.56 (cloth cover). A country by country guide to the do's and don'ts of various cultural situations, and to ways and means of initiating negotiations. It also lists information on banks, government ministries, embassies, hotels and restaurants.

Personnel, Administration and Industrial Relations, by J. Valerie Grant and Geoff Smith. Longman. A second edition of a book in a Management Studies Series which provides general coverage of personnel management and industrial relations.

The Board and Administrative Management, by Peter W. Betts. Business Books, £8.50. The various aspects of administrative management are examined and practical ways of introducing the function are outlined, along with administrative aspects of boardroom practice and the practical implications of administrative management systems.

The Myth of Petropower, by K. Bhattacharya. Taskfield, £8.50. A study of the financial dependence of the Organisation of Petroleum Exporting Countries on the Western world, with special reference to Iran.

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16
LOMBARD

The will to manage

BY GEOFFREY OWEN

MOST PEOPLE have their own favourite explanation for the low level of productivity in British industry. It is a complex problem and no doubt it is wrong to put too much weight on one factor at the expense of all the others. But a point which does not receive the attention it deserves is what might be called the demoralisation of management, especially factory management. It is true that the sorry plight of the works manager has been fairly well documented—his low status in relation to finance and marketing men, his poor career prospects and hence the difficulty of persuading bright young men to work in production. But the more fundamental issue to which these unfavourable circumstances certainly relate, is the works manager's attitude to his job.

A brick wall

It is generally accepted that most factories in the U.K. suffer from a combination of over-manning, inefficient work practices and a demoralisation which reduces output by perhaps 20-30 per cent. below what it could be. Many of these practices have become so deeply embedded into the manufacturing system that to dislodge them requires a radical restructuring of the system he may come to regard as given; he simply has to live with it.

It is arguable that this tendency towards despair has been increased by the developments which have taken place in recent years towards management by consent and employee participation, matched at the national level by the role of the TUC in economic and industrial policy. Everyone agrees that in principle companies should not be run in an autocratic style and that workers should be consulted about, and involved in, changes which affect their lives. But this can easily degenerate into a situation in which merely to get people to do a normal day's work requires an endless process of negotiation and cajolery. (The fact that coal miners are being paid large bonuses to perform

to what many people would regard as normal standards has not gone unnoticed in the rest of industry.) The result is to weaken the right of management to manage still further and to place on the factory manager, in particular, almost unbearable burdens.

The position is not helped by the attitude of union leaders, especially at the national level. They pay lip-service to slogans like "we want a high-wage, high-productivity economy," but there is not much inclination to take or even to acquiesce in, the steps which are necessary to bring about that happy state of affairs. They are not seriously worried by the fact that, because of higher productivity, industrial workers on the Continent are two or three times as well off, in real terms, as their counterparts in the U.K. The desire to preserve union membership is often a more powerful motivation than any concern for efficiency or even for the ultimate well-being of the members themselves.

Fortunately union officials and shop stewards do not always call the tune. It is sometimes possible for management to bypass them and make a deal with their own workforce. But loyalty to the union is a powerful force: it can take a good deal of courage, as well as strong feeling, to flout union instructions.

Tripartite

It is not obvious that bringing the Government in on the act makes matters any easier. There is much talk about the tripartite approach to industrial problems, but it has just been informed that they will be contributing £250,000 to a campaign to publicise the objectives of the "industrial strategy" throughout the land. Ministers talk sily about productivity, but like trade union leaders, they are not so keen to associate themselves with specific measures, often awkward and painful, to root out inefficiency. The people who can initiate change are the managers. Perhaps the greatest challenge for chief executives in industry is to motivate their works managers that they set themselves the highest possible standards of performance and, despite all the obstacles, go all out to achieve them. The Government can help in the field of taxation, but it is not just financial incentives which matter. Somehow the will to manage has to be revived and strengthened; without it, no "industrial strategy" can succeed.

Secrets from south-west France

LONG BEFORE the calling for should be called the mystery of Public Relations was conceived, as far as wine was concerned France's best practitioners were its kings, especially the Bourbons who attributed recovery of continuing health to such diverse wines as Bordeaux, Burgundy and Champagne. But the first of them all was Henri of Navarre, whose new-born lips were wiped in the chateau at Pau with garlic and moistened with the local wine of Jurançon.

The former was to assure him strength and vigour, the latter to give character and political acumen, which the Vert Galant king certainly did not lack, as his timely transfer to the Roman faith and Paris amply showed. This lip-moistening ceremony followed by the Bourbons and was practised even today by the former French royal family.

Whatever the physical or psychological benefits to be gained from drinking Jurançon at birth or even somewhat later in life, there is no doubt that the wine, when well made and kept adequately, is excellent. There was never a great deal of it—grown on 1500 ha. before the phylloxera a century ago, and on a mere 600 ha. now—it always enjoyed a special reputation, and even an historic export trade to northern Europe. Later, however, it had its difficulties, and did not increase its reputation after the last war by producing some very indifferent

deeply in the mid-day Palos sun. The vines are planted on the extremely steep valley sides of the beautiful foothills of the Pyrénées, whose usually shadowy outline nearly 40 miles away dominates the southern horizon. It might be imagined that lying so far south in France the vintage would take place early, but the reverse is the

every year. Among the best vintage recently were '70, '73, '75 and '76, though the latter two are not ready, as the wine is kept in cask for two years before bottling. Then they can easily last for ten to twenty years, but are normally a point after five years.

The great virtue of Jurançon as a wine to go with food—and of course on the spot they drink

case and Jurançon must be one of the latest vintage wines in the country. This is owing to the height of the vineyards that can rise to almost 1,000 feet above sea level. The sometimes precipitous vineyards must be cultivated entirely by hand, and the growers are lucky if they can start picking the grapes in mid-October, but the vintage can start a month later and end in December, with snow on the vines.

The sweet type owes much to the noble rot that infects the Sauternes vines, and that depends on the right kind of warm, slightly humid autumn. So although the Béarn is accustomed to fine sunny autumns good moelleux Jurançon is not made

sophisticated techniques around the year 1,000 AD. The wine, full-flavoured but not particularly alcoholic, comes mostly from local grape varieties, particularly the Tannat, especially associated with Madiran, the Penenc and Bouchy, which in fact is the Cabernet-Franc of Bordeaux. As in many of the smaller areas, the production of the three local co-operatives is important, the largest being at Crouseilles, producing rather more than 10 per cent of the total Madiran output of about 20,000 hl. of AC wine. Private growers are more prominent here than in some parts of South-West France, and there are 22 who bottle and market their own wine. I was impressed with the three I visited: Laplace, of Ardev, Domaine Richard of Soubeillac and Domaine Bouscaud de Mau-mausson—all dedicated growers.

Madiran, normally vintage in mid-October but later this year, like everywhere in France, has to be kept in wood for six months and bottled after 18. It is a hearty, fairly tannic wine that repays the keeping it seldom recedes. Madiran of a good vintage—1970 and 1975 were excellent—is probably at its peak at ten years, but is lucky to survive four.

The area also produces a little of the famous AC wine: Pacherenc du Vic Bilh—though only the Jurançon-Madiran area is recommended.

Surgery pioneer honoured



A plaster cast of a bust of John Hunter, the founder of scientific surgery, was handed over for display to the Royal College of Surgeons yesterday by Mr. Nigel Boonham, the sculptor (right), who is to cast it in bronze. Receiving the bust on behalf of the college is its president, Mr. Reginald Murley. The college celebrates the 250th anniversary of Hunter's birth this week with a reception at its Lincoln's Inn Fields headquarters to-night attended by the Queen and the Duke of Edinburgh.

World record £38,000 atlas

A WORLD record price of £38,000 for an atlas was paid in London yesterday by D. Burgess at Sotheby's sale of maps and books relating to travel.

By J. Blaeu, 1687, of Amsterdam, the 12-volume atlas has a French text in the second edition, and the maps are illustrated with sailing ships and inset maps and plans.

The first volume of the Spanish edition of Blaeu's large atlas went to the Map House for



The cover of the first part of Blaeu's atlas of Asia and China. The 12 volumes were sold for £38,000 in London yesterday.

SALEROOM

FAMELA JUDGE

£5,800. Spink gave £4,000 for Vincenzo Maria Coronelli's three volumes on the Teatro della città e porti principali dell'Europa, Venice, 1697.

W. and J. Blaeu's Theatrum orbis terrarum, tertio pars, was bought for £2,600 by Schuster, Kent, and the Map House was successful at £2,400 for an early 18th-century "ancient and modern" atlas by Henri Abraham Chatelain.

Total for the sale was £106,300. Highest price in Sotheby's £126,173 sale of icons was £13,500 from Asia, London, 17th century, represents the Resurrection.

An anonymous buyer bought a pre-concise encaustic icon for £2,000, a large biographical icon of St. Nicholas (Moscow, early 18th century) for £5,600, and a pair of royal doors painted with St. Basil and St. John Chrysostom for £5,000.

Silhouettes, English and Continental miniatures and objects mounted to £20,400. A signed miniature by Benjamin Airlaud dated 1703 fetched £880 (Fry). Graus Antiques gave £920 for a gold and enamel memorandum

case in book form by Julien Berthe, Paris, 18th century. The highest price for an icon was £13,500 for a 17th-century Chinese jade which amounted to £258,977.

An Edward Munch lithograph went for £21,907 and a Rogault de la Plante print for £10,823. English furniture sold in New York on Saturday amounted to £25,850.

Back in London yesterday, an anonymous bidder gave £5,000 at Christie's for a greyish-white jade carving of a finger citron in the form of a Buddha's hand. From

Yesterday's racing at Newmarket and Wetherhampton was cancelled because of weather conditions. "Today's" cards at Warwick and Carlisle are all off. A decision regarding tomorrow's Ascot meeting will be made after an inspection today.

MARIE CURIE

A living tribute remains in the form of a statue, which will be unveiled by the Mayor of Paris on June 10. The statue is a gift of the French people to the world, and it is a fitting tribute to the great scientist who worked in her 30th year of life to the end of her days.

124 St. Marks Street, London, SW1.

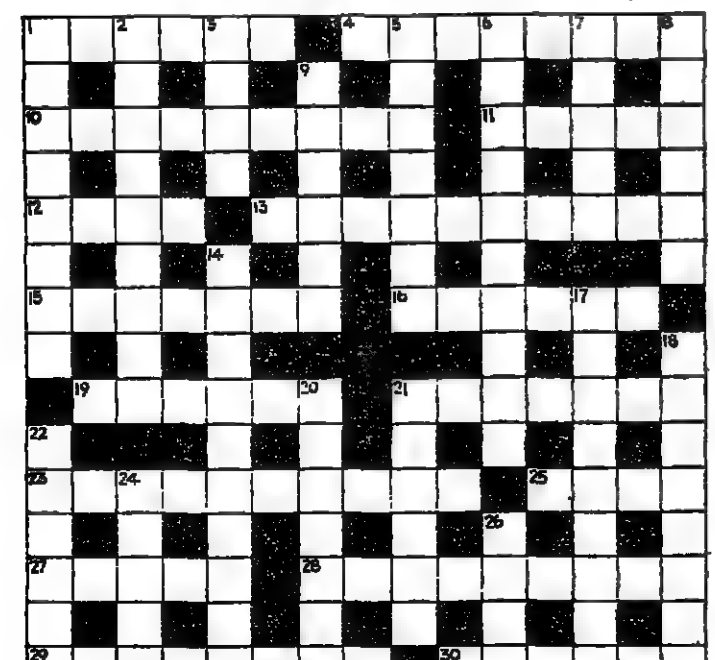
TV/Radio

BBC 1

Indicates programmes in black and white

6.40-7.55 a.m. Open University, 8.10 For Schools, Colleges, 12.45 p.m. News, 1.00 Pebble Mill, 1.45 Baginbun, 2.00 You and Me, 2.14 For Schools, Colleges, 3.20 Pobl Y Cwm, 3.53 Regional News for England (except London), 3.55 Play School, 4.20 Wally Gator, 4.55 Jackanory, 4.50 Animal Magic, 5.05 John Craven's Newround, 5.15 Star Turn, 5.40 News, 5.55 Nationwide (London and South-East only).

F.T. CROSSWORD PUZZLE No. 3,593



ACROSS

- Slap man with bandage (6)
- Reward international sportsman for stopping a bottle (5-3)
- Courtesy stroked at an earlier date (9)
- Pinched a long robe (5)
- Call for attention heard from drunk (4)
- Best way of arresting motorist on record (4, 6)
- Number one quite a few had objectionable (7)
- Younger Dawkins playing hard to get (6)
- Group in which Manchester and Leeds are united (6)
- Biting chap playing with words (7)
- Modern music by dreamy weaver hits all-time low (4, 6)
- Peers against revealing family history (4)
- Sworn for rattling backward gradates about (5)
- Defendant who's sorry? (9)
- Impressive form of industrial action (8)
- State founder willing to flag (8)

DOWN

- Sport for men only? (4, 4)
- A team of giants comes abreast (9)
- Coloured hothead due another form (4)
- Contracted to be cheaper (7)
- New world cowboy in action in Yorkshire area (4, 8)

SOLUTION TO PUZZLE No. 3,592

DOWN

1. SPORTSMAN (8)
2. GIANTS (7)
3. HOthead (7)
4. CONTRACT (8)
5. COWBOY (7)
6. YORKSHIRE (9)
7. MAN (4)
8. TEAM (4)
9. ABREAST (8)
10. FORM (4)
11. INDUSTRY (8)
12. ACTION (7)
13. STATE (5)
14. FOUNDER (8)
15. WILLING (7)
16. FLAG (4)

BBC 2

6.40-7.55 a.m. Open University, 8.10 Play School (as BBC1), 8.55 p.m., 9.10 The Good Old Days, 9.30 News, 9.55 Play For Today, 10.30 Tonight, 10.55 The Engineers, 11.10 Weather/Regional News, 11.35 Weather/Regional News, All Regions as BBC1 except at the following times: Wales—2.33-2.47 p.m. For Schools, Tables (9) Tel. 7.53, 8.50 War To-day, 6.50 Heddiw, 7.15 Pobl Y Cwm (senior) penod 20, 7.45-8.10 Ask the Family 11.35 News and Weather for Wales.

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SCOTTISH

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FINANCIAL TIMES

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Pushing too openly

ONE OF the chief diplomatic aims of the Carter Administration since it took office has been that those industrialised countries which are in balance of payments surplus, particularly Japan and Germany, should make a larger contribution towards the recovery of world economic growth by stimulating the growth of their own economies. So far as Japan is concerned, the U.S. has been principally concerned to ensure that it relies less on a rapid growth of exports to support domestic business activity and opens its market more freely towards imports from abroad. It has received certain assurances on these points, the practical value of which will become clearer as time goes by.

But for the moment, at any rate, the main weight of U.S. diplomatic pressure in this field has been turned on Germany. Mr. Michael Blumenthal, the Secretary of the Treasury, is visiting Germany at present. Not only is he likely to push hard once again for more positive action by the German Government to stimulate domestic demand: it has also been suggested that, unless some progress is made, the economic summit due to be held in Bonn this summer might be put in jeopardy. Disagreement between the U.S. and Germany at the summit, it could be argued, would result in its failure, and a summit meeting that failed would be worse than none at all.

Discussion

There is room for discussion between the two sides on this issue. The U.S. can maintain its point that it is aiming at a rate of domestic growth which can only help growth in the world as a whole, despite the emergence and likely persistence of a large balance of payments deficit. Its view that its trading partners should absorb more of the strain caused by the surplus of the oil producers is likely to be supported by Working Party Three of the Organisation for Economic Co-operation and Development, which meets later this week. The Germans, for their part, can continue to emphasise the extent of the

economic stimulus which they have already applied and insist on their right not to risk encouraging a faster rate of inflation.

But it is unlikely that public discussion of the sort which the U.S. Administration has been practising is the best designed to produce results of the sort for which it is hoping. The Carter Administration has been much criticised at home as well as abroad for its somewhat naive approach to the resolution of complicated political problems. Certainly in the economic field this criticism seems to have some justification. The foreign exchange markets, for example, have not forgotten Mr. Blumenthal's assumption that he could get his way with Germany and Japan by forcing them to let the price of their currencies rise against the dollar without any danger of an international currency upheaval.

Unproductive

That danger still exists—as the recent pressure on the French franc and the approach of the French elections demonstrate. The spectacle of the U.S., which will inevitably run another large deficit this year, attempting openly and repeatedly to force the German Government to change its course, and failing to do so, is unlikely to encourage confidence in the stability of the international monetary system. Stability can be guaranteed only by a readiness of the leading industrialised powers to work together in a matter which affects the common good.

But there are two more immediate points which Mr. Blumenthal might do well to bear in mind. The first is that, for obvious political reasons, the more openly he puts pressure on the Schmidt Government to change its ways, the less likely he is to achieve results. The second is that, once German businessmen or consumers suspect that the Federal Government may be pushed into further stimulation of domestic demand, the more likely they are to offset the stimulus already given by postponing expenditure. If Mr. Blumenthal must carry a big stick, at least he should speak softly.

The basis of energy prices

IT IS NOW nearly four years since the Government decided to reverse the policy of price restraint by the nationalised industries and allow a phased return to economic pricing in this sector. But it has yet to follow this up by re-formulating an appropriate framework of financial and economic criteria upon which each of these industries can base its pricing and investment policies. In the absence of such a framework it is only natural that differences of opinion over pricing policies should sometimes arise between competing State-owned industries, particularly in the energy sector where the rivalries are often intense.

Compromise

Complaints from the coal and electricity supply industries about the level of gas prices were temporarily stilled some 14 months ago when Ministers arbitrarily decided that the Gas Corporation should make a contribution to the IMF package of public expenditure cuts by raising its prices by 10 per cent. from last April and using the proceeds to pay back some £100m. worth of its capital debt to the Government. The argument now appears to have broken out again, the cause this time being the Gas Corporation's statement last week that, provided there is no major increase in the rate of inflation, it expects to be able to keep its prices unchanged until April 1979, a period in which coal and electricity prices are likely to be raised by between 8-10 per cent.

The Gas Corporation's statement appears to have represented something of a compromise between its own views and those of the Price Commission over the proper course of action to be taken when the dispensation from the provisions of the price code, which was made to accommodate last year's 10 per cent. rise in gas tariffs, expires in April. But, while the Gas Corporation has successfully resisted the Price Commission's suggestion of a 10 per cent. tariff reduction, the outcome has not satisfied Sir Francis Tombs, chairman of the Electricity Council. In a paper presented to the Energy Commission yesterday, he argued that there ought to be some parity in the prices of all fossil fuels

in accordance with their heat content. The cheaper price of gas is damaging the marketing of coal and electricity and will bring only a short-term advantage to the Gas Corporation since in the long run its prices will have to rise to cover the costs of the newer and more expensive supplies of natural gas from the northern basin of the North Sea.

Sir Denis Rooke, chairman of the Gas Corporation, did not dispute this last point. He envisages a gradual upward trend in gas prices as the proportion of supplies from the northern fields increases. In the meantime, the Corporation is writing off the cost of conversion and displaced oil-based plant and making sufficient profit after charging current cost depreciation to finance the whole of its future investment, expenditure, and build up financial reserves for the future.

On a more practical level, Sir Denis could have pointed out, too, that gas prices need to be set at a sufficiently competitive level in order to develop markets in industry and other premium sectors for the large supplies which are now coming from the Frigg field. It is true that these supplies could be left untapped if the Gas Corporation did not use them — unlike natural gas which is associated with oil production. But the Corporation is contracted to pay for certain minimum quantities whether or not it manages to sell them.

Artificial

However the main point, as Sir Denis aptly observed, is that resource allocation and energy conservation are both best served if the price of each form of energy reflects its real costs — in other words the cost of investing profitably in its production and distribution — rather than some artificial principle such as aligning it on the price of other fuels on a thermal parity basis. Such a method would not only mislead fuel users as to the choice they should make. It would also encourage inefficiency and destroy competition in a sector where, because of nationalisation and other Ministerial interventions, the discipline of the market system has already been considerably weakened.



WHAT IS likely to be a highly embarrassing, and quite possibly costly, process for Britain's major suppliers of "blacktop" road surfacing formally began yesterday when 33 of the agreements operated in the industry were placed on the Register of Restrictive Practices.

Embarrassing because the companies knew, or certainly should have known, that it was unlawful to operate such cartels without first registering them with the Office of Fair Trading, and costly because the companies may find themselves being sued by aggrieved customers.

As the price rings involved the supply of blacktop for the surfacing of roads, the bulk of the contracts were ultimately paid out of public funds. While it may be very difficult to establish how much the prices were inflated above competitive rates, local authorities will almost certainly come under pressure to try to obtain some redress from the companies concerned.

There is also a possibility of criminal proceedings should it emerge that any contractor had taken on a public highway contract having wrongly signed a certificate to the effect that he had not colluded on prices with his competitors.

The agreements referred to yesterday represented only the tip of the iceberg. It is expected that eventually the blacktop industry will produce by far the biggest haul of unregistered agreements ever uncovered by the OFT. Eventually, the number could reach 1,000 — dwarfing the 140 or so previously unregistered agreements so far added to the Register from the concrete industry.

The tarmacadam pacts came to light last year when a man from inside the industry volunteered to tell all to the OFT. The Office had previously received complaints about the possibility of price rings being operated by the suppliers of blacktop but had been unable to follow them up properly because of a Catch 22 written into the legislation. As interpreted by the courts this provision means that the OFT has to have reasonable grounds for believing that such agreements exist before it can require the companies to produce information about them. The anonymous informer gave them the necessary grounds in the case of blacktop.

In November, the OFT duly served an order on nine companies requiring them to give information about any price rings they might be operating. Among the companies covered by these orders were Tilling Construction Services, Steelphalt and Tarmac Roadstone.

The companies responded with a mountain of paperwork. At the same time, other companies, like Wimpey Asphalt volunteered details of agree-

ments to which they were party. In the majority of cases, this was the first time the agreements had ever been put into writing.

The pacts registered yesterday are basically of two kinds and mainly covered the North of England. Ten were one-off agreements where the companies asked to tender for a contract decided in advance which company should get the order and at what price. The other companies agreed to put in higher bids. The other 23 were situations in which the companies agreed amongst themselves the prices they would charge for a job. They then all quoted the same price.

All the agreements, which in some cases are believed to have been negotiated at a fairly senior level, have now been terminated. Some ceased to have effect in December—the month after the companies received the OFT's notice.

As manufacturers of goods, the blacktop companies have been subject to the restrictive practices legislation since 1956. The law requires any company which agrees its terms and conditions of supply with a competitor to register the agreement with the OFT. For the purposes of the law, verbal agreements are treated in the same way as written ones and a handshake is as good as a signature. Failure to register means the restrictive provisions in the agreements are automatically void.

The public interest

If the OFT decides that the pacts are registerable, it places them on the Register of Restrictive Practices. Once an agreement is on the Register, the Director-General has a duty (subject to minor exceptions) to take it to the Restrictive Practices Court to get a judgment on whether the agreement is operating against the public interest. In the court, the onus is on the parties to prove that the pact is positively in the public interest. The "gateways" which spell out the public interest are very tightly defined and experience has shown that it is very difficult to get a price ring through one. Only a handful of such pacts have ever survived the test.

Although the blacktop companies have now terminated their agreements, the Director-General of the OFT will still take the more important pacts to the court. There, he will institute two kinds of proceedings. The first will aim to stop companies giving effect to these particular agreements and any others now operated by the companies. Failure to comply with the court's order would constitute contempt of court.

MEN AND MATTERS

Here comes superman

After the Superwoman, brace yourself for Superman. The success of Shirley Conran's breezy concoction has inspired publishers Sidgwick and Jackson to bring out a sequel: Robert Heller's manuscript is with the printers and is scheduled to appear in June. Why Heller—a financial journalist who for 12 years has edited *Management Today*? Perhaps S and J approached him because of his best known book, *The Naked Manager*: advance publicity for *Superman* has a subliminal tie-up by using as its motif a famous Leonardo da Vinci male nude drawing.

It seems the volatile Conran was less than pleased on hearing about Heller's forthcoming title and sent waves of protest through the publishers' office. "I'm sure that has all been smoothed over by now," says Heller. "In any case, my book will be quite different from Shirley's." He says his theme will be "self-management"—covering such topics as how to improve your memory and organise your time. Different it may be, but Heller will doubtless feel quite like a Superman if he matches the six-figure sales of the original.

Witness in Addis

More and more reports have been coming out of Ethiopia about the "Red Terror", in which thousands of enemies of the Dergue have been butchered. An official has explained: "We wanted terror to reign in the camps of the reactionaries, too." Another said: "It is not only a physical struggle but also an ideological struggle, to wash away the dirt

of the Ethiopian People's Revolutionary Party." My colleague James Buxton last week saw bodies left lying in the main streets in Addis Ababa as a warning to passers-by.

Here are excerpts from an earlier account of a visit to Ethiopia: "Coming across the market-place, I had seen Za Mariam, the Ras's doorkeeper, with three men bound, one of whom he fell a-hacking to pieces in my presence... the soldiers, in consideration of his base, immediately fell upon the other two... the dogs fled into my house to eat pieces of human carcasses at their leisure. The Ras has given orders... to wash away all this pollution in the clear-running water..."

That graphic reporting comes from James Bruce a Scottish traveller who went to Ethiopia in 1770.

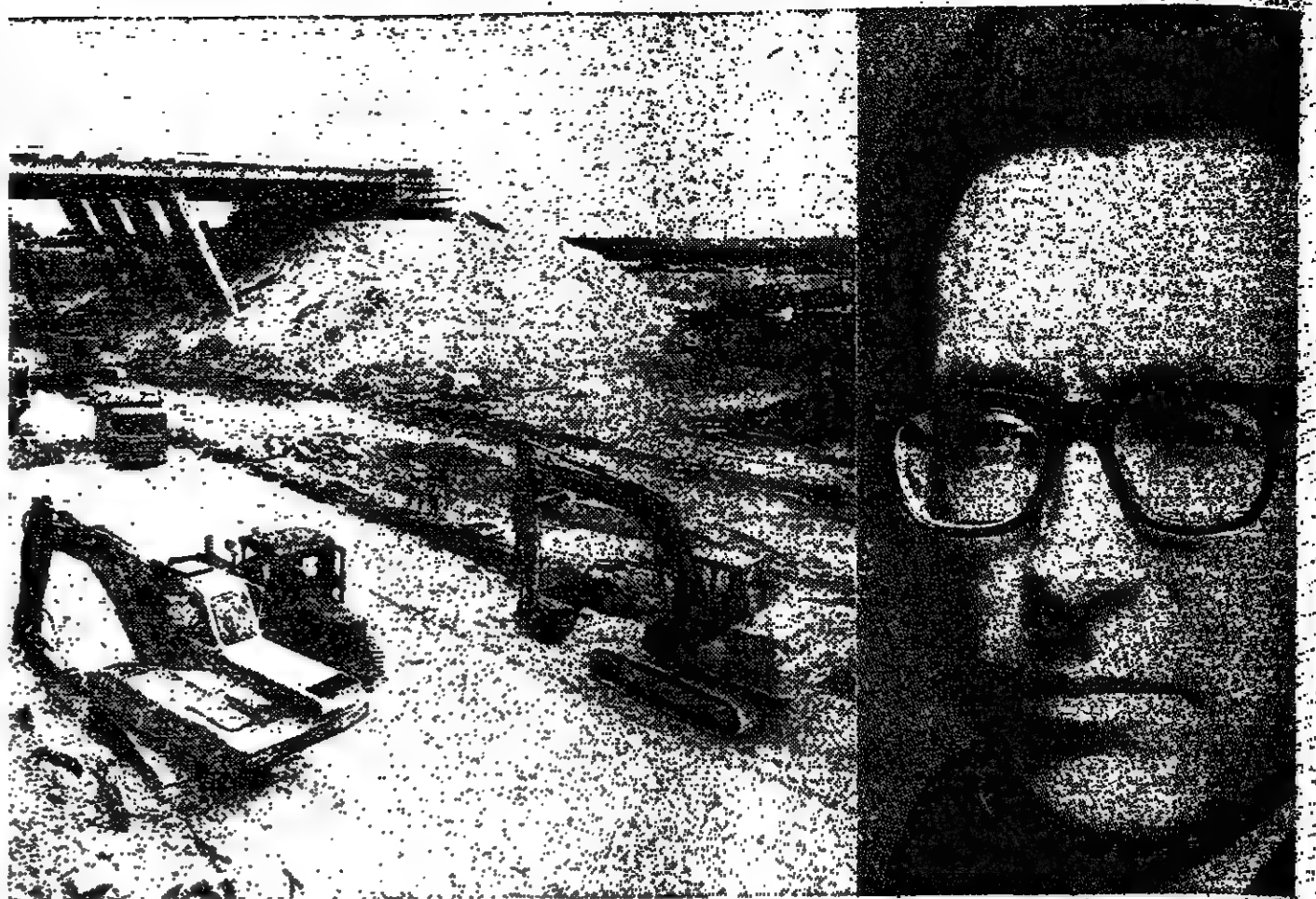
Jobbers' joy

Two £1,000 coups within an hour and London jobbers reckoned they were on to a good thing—not in the Stock Exchange but across the road at Kandies the confectioners. There, the queue stretched on through yesterday afternoon as they tried to repeat the early wins of two members of Weid Darlacher on Ladbroke's Cashcade lottery scheme. Mark Brateman, manager of the shop, told me that he sold out of tickets twice and had to wait for fresh supplies. The tickets have only been on sale at Kandies and other retail outlets—not betting shops—for about ten days; but the promoters say they have "taken off like a rocket."

This should satisfy the charities and local authorities, who get 40 per cent. of sales. I heard no complaints from Brateman and others selling

The dark secrets of blacktop prices

BY MICHAEL CASSELL AND ELINOR GOODMAN



Road construction: its surfacing may make history on the Register of Restrictive Practices. Mr. Gordon Morris (right) Director General of Fair Trading.

and expose the companies to criminal proceedings.

The next stage is to seek an order which effectively ties the companies' hands in future. This would prevent them ever making any similar agreements and would mean that the companies would have to keep a very close watch on all their employees to ensure that none of them ever started discussing prices, even informally, with their competitors. Again, the penalty for breach of such an order could be criminal proceedings.

However, such a "like effect order," as it is called, might be contested by the companies because it would require a fairly fundamental rethinking of the industry's current pricing arrangements.

The blacktop industry's system of "gentlemen's agreements" is being exposed at a time when details of similar arrangements in the ready-mixed concrete supply sector are still coming to light. The circumstances behind both cases are similar.

As constituent parts of an industry which traditionally confronts wild fluctuations in demand and is expected to tailor itself accordingly, the concrete and road surfacing material suppliers have apparently evolved a system of self-help. They believe that this has in many cases spelled the differ-

ence between insolvency and survival. The Restrictive Practices Court has in fact endorsed a common pricing agreement registered by the cement manufacturers and designed to counteract fluctuations in demand.

The suppliers, while not wishing to discuss the subject openly, vehemently deny in private any suggestion that the informal arrangements under which available work was often allotted acted against the interests of the client. The apportioning of contracts, they claim, was principally designed to ensure as even a workload as possible for all the suppliers involved, against a background of very uneven ordering. It was not, they say, being used as a method of extracting unfair prices from the client.

With roads among the construction sectors worst hit by public expenditure reductions, the road surfacing industry—including suppliers of blacktop, mastic asphalt surface dressing and roadstone—is now operating at little more than two-thirds of capacity and it claims that without the system of pricing co-operation, it would be now have been lastingly damaged by plant closures and dismissals which could make the agreements in the public interest under the 1956 Act.

Clients may well look at it differently and believe that the

materials they have had to pay for would have been substantially lower had competition been allowed to operate freely.

Co-operation and close association in the road surfacing industry is not new. Before World War II, the industry had a network of representative organisations which were initially intended to deal with such matters as safety and welfare, but which found themselves attempting to formulate some measure of common agreement on prices. That trend was encouraged by the trade unions which wanted to safeguard jobs, which wanted to safeguard jobs.

Pricing "co-operation" was well established by 1956 when the restrictive practices legislation was enacted. The effect of the new law was, according to one industry man "rather like dropping a stone into a still pond."

Despite the legislation, the companies in the roadstone industry remained determined to ensure that the benefits of close co-operation continued. It was at this point that mergers began and the big names like Tarmac, ARC and Tilling began to emerge.

Since the 1950s, the industry has maintained its "family characteristics" with close co-operation continuing at all levels across a wide range of beyond those companies' subjects. The suppliers say they have been surprised at the

OFT's attitude, believing in its unofficial system of understanding in a sense one born out of necessity, to claim that most county surveyors—more often than their clients' representatives—would be wide awake to abuse of the pricing system that it generally works and no-one's interests.

What remains to be seen whether the adjudication of these agreements will lead to any other changes in the industry.

It may be that if the individual companies are made to discuss prices and wages among themselves, they have to consider merging in of course, could bring them against the Office of Fair Trading in its role as watchdog mergers and pose other issues for competition policy.

Following last year's revelations about the existence of unregistered price-fixing agreements in the concrete industry, the latest disclosures about blacktop pacts may also lead in relation to restrictive practices. There is already a certain kind of price-fixing should be banned altogether, a change were to be made, would have repercussions across a wide range of beyond those companies' subjects. The suppliers say they have been surprised at the

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Observer

Opinion poll pitfalls for the Tories

THATCHER would do to take care: opinion polls are deceptive. Yesterday's National Opinion Poll result, published in the Daily Mail, is certainly right in its claim that a majority of voters would approve of further cuts in the number of seats allowed into the House of Commons, but it is almost certainly wrong in its suggestion that the Conservatives now have a 11 per cent lead over Labour.

Even at this level there should be a word of caution. Opinion poll results can vary according to the precise wording of the question. For example, National Opinion Poll showed in February 1975 that five different forms of the question in a referendum on Britain's membership of the European Community would produce five different results: from a 62 per cent "No" majority for "do you accept the government's recommendation that the United Kingdom should come out of the Common Market?" to an 18.2 per cent "Yes" majority for "do you accept the government's recommendation that the United Kingdom should stay in the Common Market?"

But during the campaign leading up to the referendum itself, the various polls showed consistently that on the question the Government actually chose to use the answer would be yes by two to one. In fact it was yes by 67.2 per cent to 32.8 per cent. And, as the table shows, the voting intention polls have in fact been fairly reliable indicators of the final breakdown between the parties at general elections in terms of votes cast if not in terms of seats won. The largest error, in 1970, was a 4.4 per cent over-estimation of the Labour vote, which was, naturally, crucial in terms of seats.

The Americans take their polls far more seriously than we do, but it is only their most sophisticated practitioners who know how to read them. Immediately after his highly success-

ful campaign in the primaries, and his triumph at the Democratic Convention in 1976, Mr. Jimmy Carter was shown by the polls to be 20 per cent ahead of the then President Ford. At that time the Republicans were still divided by the Ford-Reagan battle at their own convention, and their private poll-takers tried to cheer them up by pointing out that this must be a sign of the President's likely

WHEN THE POLLS ARE RIGHT

Election	Popular vote %	Polli's forecast %	Polli's error %
1959	Con 49.3	49.3	0.0
	Lab 44.4	45.3	0.7
1964	Con 42.9	44.6	1.7
	Lab 44.8	41.1	3.7
1966	Con 41.4	42.4	1.0
	Lab 48.7	48.0	0.7
1970	Con 46.2	46.0	0.2
	Lab 43.8	43.2	0.6
1974 (February)	Con 38.8	38.4	0.4
	Lab 39.9	36.2	3.7
1974 (October)	Con 36.7	32.4	4.3
	Lab 42.2	42.5	0.3
	Lib 18.5	19.5	1.0

* Average of two polls in 1959, three in 1964 and 1966, five in 1970 and six in 1974.

be a heart-of-the-moment result, and that the underlying trend was a Democratic lead of probably 4 per cent. About 20m. campaign dollars later, the eve-of-poll gap was in fact 4 per cent, which some American practitioners took to indicate that the Carter polling organisation was the better of the two.

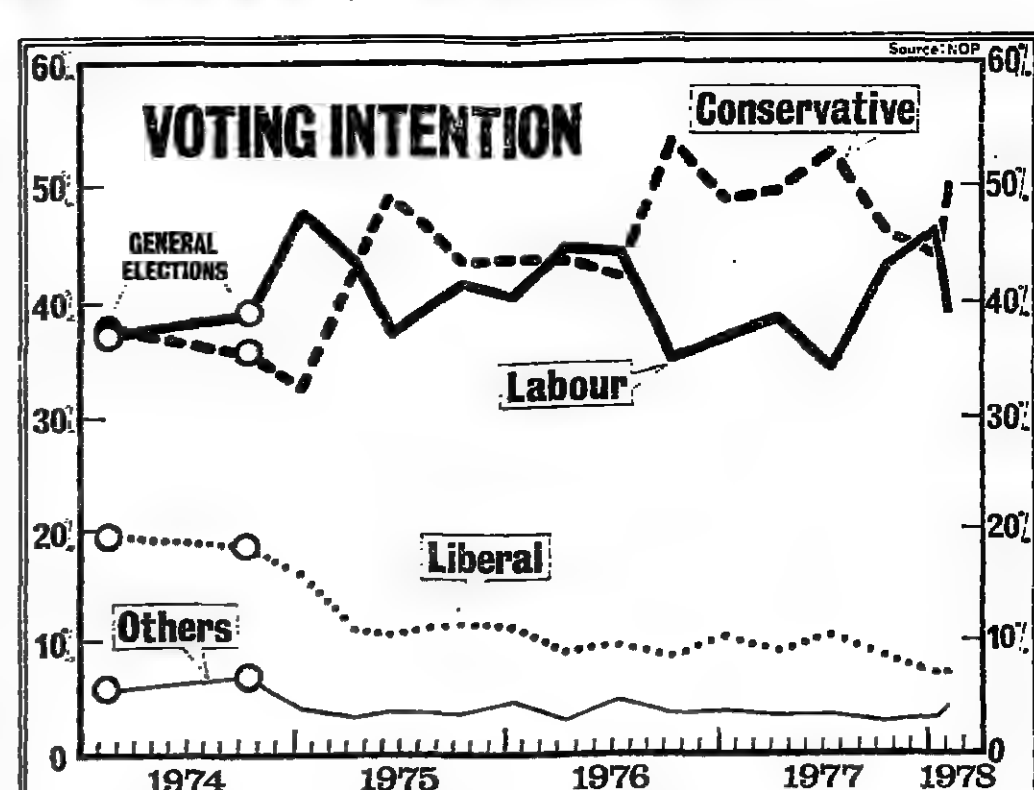
Perhaps it was I went to see Mr. Patrick Cadell, the man in charge of the Carter polling, at the time, and his grasp of the issues was as impressive as his apparent influence over the candidate. What Mr. Cadell's percentages indicated, Mr. Carter did. By all accounts he still does. The Cadell memorandum of last

autumn suggesting the best approach over the next few years ("people's expectations are too high; lower them") was followed by a Presidential speech reflecting what the memorandum told him to say. Some Washington lobbyists believe that a copy of Mr. Cadell's latest report to the President is a better guide to the Administration's likely

One reason why she could not embrace such a policy with the wholehearted fervour that a British Cadell might prescribe is that it would cause intolerable strains within the Conservative Party. There are many philosophical arguments about the degree to which political parties should respond to public opinion, but given the British party system in its present form, they are mostly academic. Our politicians can and do take some notice of their private polls, but there are too many passionately held convictions in our ideologically-based parties for them to be able to give themselves wholly to the new methods.

It is for this reason that Mrs. Thatcher should take care. She cannot say — for it has never really been tried — that it would be impossible for the Conservatives to win by Mr. Carter's method, but it seems highly unlikely that the party could survive the attempt. She can only play that game half-heartedly; hence she cannot play it well.

Consider the graph showing the long-term trend of British voting intentions, with yesterday's result seen as a distinct jump away from it. We all know the reasons for this trend: to



most people things are looking better, and when that happens the Government in power is likely to do well. Until last week's argument about the blacklisting of recalcitrant companies, the Government was in that happy state of rarely appearing to put a foot wrong. There is a general perception (borne out by yesterday's NOP result) that on important matters like prices and inflation Mr. Callaghan is proving remarkably successful.

It is apparent that this trend is more likely than not to continue. The only question about the April Budget is how much

will be given in the form of tax reliefs. That money, plus the 10 per cent, and more allowed under the existing incomes policy, will be in the voters' pockets in mid-summer. If there is one consistent finding in the polls of the past it is that governments do better when people feel more at ease and when real incomes are rising.

If Mrs. Thatcher is permitted by her party to turn completely populist she might be able to change this trend. But if she can only dart in and out with anti-immigrant speeches, she will probably be regarded as

"desperate" and may lose the opportunity to build up a picture of a competent alternative government. People will see the trend line return and say that "she played the immigrant card too soon." Such adverse opinion feeds on itself; ask any pollster.

P.S.—If I had to bet this week the money would be on the major parties being "neck and neck" on polling day, with a strong chance that the Scottish Nationalists will hold the balance of seats in the next Parliament.

Joe Rogaly

Letters to the Editor

the pay code and pensions

Mr. G. Barnes.

The Sun Alliance and I am seemingly being asked to ask for reducing (to be contributions required to its employees to the pension scheme. This may be about the spirit of the pay code, there may be companies which through alienation, or simply in to bring their own schemes in line with average standards about the country, are reducing the rates of contributions to their pension schemes. This does not mean that the members pay lower contributions than they do this year, e.g. of pay increases.

re companies may be progressively reducing pension contributions in all faith, surely they are not any differently from the amount in its decision to pension contributions to its pension scheme. For employees are at present for the state basic pension contribution of 51 per cent of earnings, this rate will, attracted to employees be 84 per cent on earnings of £10 and 4 per cent on earnings above £10. For an employee earning £3,600 per annum (about the average) this means his contributions to the scheme, for the same benefit (that is, the state basic pension) reduce from £207 to £140, a reduction of over 30 per cent.

After tax, the state considers it right its own arrangements to "members' contributions" a same amount of pension April 1978 onwards, is it reasonable to expect that companies may, within able bounds, make similar, adjustments to their own arrangements?

Mr. N. Mustoe.

id to reducing inflation?

Mr. N. Mustoe. If company A sticks to 1 per cent guidelines and a product to the Ministry fence for £10, while company B breaks the guidelines from its ideal product, then the Ministry will buy from company A at a what way does this help reduce inflation?

Mr. N. Mustoe.

aladroit

ctions

Mr. J. Jones.

In references to the "list" and its attendant lions, we have heard first of Mr. Hatters, suggesting that it would be "to use taxpayers' money to subsidise companies" deemed to be Government not to have red sufficiently rigidly to the policy. It seems to me this argument is as phoney as Government's actions in giving these sanctions are dropped. It would suggest that what the Government's action amounts to, is use of taxpayers' money to subsidise companies that are efficient and competitive others, would not normally receive such Government subsidies. If it is true, and this may be a bold move, that government

departments, etc., exercise a competitive purchasing policy, then to the extent that, because of the black list, they do not place an order that would otherwise be placed with a supplier, they must by definition be buying second best, either in terms of price, quality or delivery.

If certain companies operate at a level of efficiency that enables them to pay somewhat more than the norm while at the same time remaining the most competitive suppliers, then I would have thought this was entirely wholesome. The electorate has probably resigned itself to the fact that politicians will forever meddle with the market mechanism, but when taxpayers' funds are being applied in subsidising the less efficient and penalising the more efficient, then this aspect of the matter surely needs to be vigorously exposed.

J. H. Jones.

Inverness House, 103, Balham Park Road, S.W.13.

A liberal world

From the Director of Studies, Centre for Policy Studies.

Sir, — as presented by Malcolm Rutherford (February 10), as the author to those Tories whom he describes as "liberal". This misuse of the word liberal denotes dangerous confusion of thought, as well as being offensive to me (which I am sure he did not intend) since my reasons for involvement in politics are to defend and extend our liberties.

Rescue of the world liberal from blatant abuse is vital to the defence of our liberal institutions. Ascription of liberalism to policies of which one approves, irrespective of their relation to the liberties of the subject, is one American import we could well do without. In America the word has gone so far as to produce a meaning opposite to the original one: "liberal" has come to mean sympathiser with communist dictatorship abroad and increasingly restrictive state power at home.

Here, it has come to be applied with distressing regularity to the wholly illiberal practice of imposing mass third-world immigration on the people of this nation against their known wishes, of limiting freedom of expression and discouraging debate on this issue among others, of diminishing choice and opportunity in education, not least for the sons and daughters of the poor, of denying citizens their natural right not to join communist and socialist-controlled trade unions, with all that submission to trade-union hegemony now entails. The accolade liberal is also awarded to Tories who accept many socialist premises not out of intellectual conviction or from belief in the possibility of structured synthesis but simply because a central point appears politically advantageous, thereby confusing liberalism with eclecticism.

It seems to me that the political debate would be more fruitful were terms like liberal and Right-wing defined more rigorously, when it would become apparent that they are not at all antithetical. We should then be able to discuss issues on their merits, and adduce truly liberal policies, instead of brandishing the words as slogans and implying that those of us with whose views the Financial Times Political Editor disagrees, how-

ever cursory his examination, are necessarily illiberal per se.

As for the rest of his rather fanciful article, Mr. Rutherford says at one point, "there is a great deal of talk about... True, but he could have tried to sift it more patiently."

Alfred Sherman.

8, Wilfred Street, S.W.1.

Tory pay policy

From Mr. N. Lawson, MP.

Sir, — in his article of February 10 Mr. Malcolm Rutherford huffs and puffs about a "muddle" in claiming to detect in the Conservative Party's approach to what he insists on calling incomes policy, by which he means pay determination.

"Sir Keith and Sir Geoffrey" he writes, "still insist that Conservative incomes policy (sic) remains outlined in *The Right Approach to the Economy*, in spite of Mrs. Thatcher." The fact of the matter is that there is no contradiction whatever between the section on pay determination in *The Right Approach to the Economy* (since Mr. Rutherford has evidently not read the document, let me refer him specifically to pages 14 to 16) and the brief section on the same subject in Mrs. Thatcher's speech at Glasgow on January 9. The "muddle" is entirely in Mr. Rutherford's own mind.

Nigel Lawson.

House of Commons, S.W.1.

Maggie and the Gang of Four

From Mr. N. Tebbitt, MP.

Sir, — I doubt if many readers of the Financial Times are subscribers to "Labour Weekly." It may, therefore, be worth pointing out that in Labour Weekly of February 10, there appeared a story headed "Maggie and the Gang of Four" which, save for the omission of the name of my colleague Nigel Lawson, MP, bears a remarkable resemblance to that over Mr. Malcolm Rutherford's name in the Financial Times of the same date.

Since Labour Weekly was on sale on February 9, one is entitled to wonder if the Financial Times is reduced to giving prominence to plagiarised Labour Weekly articles, or if Mr. Rutherford is being fed his material by the same hand that feeds Labour Weekly.

Norman Tebbitt.

House of Commons, S.W.1.

Spending in the shires

From Councillor J. Gouldbourne.

Sir, — There have been reports about a group of large district councils who are seeking additional powers in planning, highways, sewerage and social services. All administratively and labour intensive areas of local government expenditure. Certainly there are applications of effort and resources in shire county local government administration, but most of these are due to the operations of the so-called "third group" of large urban district councils, whose uncontrolled activities have proved that bigness is rottenness. One of the worst duplications involves duplicated charging. When a private contractor does bad work for a county council, it is rectified at the contractor's expense. When a big district, acting under agency or contract to a county council, executes faulty work, that district rectifies the fault but charges again for putting right its bad work. The

process I have outlined is evident in big urban district councils. What is so bad about it is that the total expenditure outlayed incurs rate support from central resources. This, of course, represents a nice bonus to districts to cover bad budgeting.

Once the decision to impose cash limits was taken, it was bound to raise expenditure apportionment problems. If these are to be solved justly, they must be determined by population formulas, and county councils are best qualified to make equitable allocations within the individual cash limits.

If HMG stands firm on this issue, not only will there be massive saving on works services and wastage, but considerable pruning of administrative staff must follow. Then we may be able to afford some of the really important things, which help wealth creation.

John Gouldbourne.

6, Queen Mary Avenue, St. Annes, Lytham St. Annes.

Immigration and freedom

From Mr. M. Brody, C. Tame and Judy Englander.

Sir, — Apparently Mr. Suedley (February 7) sees no contradiction between stopping immigration and individual freedom. Immigration controls amount to "forced separation" of the residents of these islands and those of the outside world. Voluntary exchanges between sea captains and prospective passengers, landlords and prospective tenants, employers and prospective workers, and husbands and prospective wives are thus prohibited by the State. It is clear that the Chelsea Group of Young Conservatives will have to reconsider the issue and decide whether they are prepared to accept the full implications of the libertarian principle they purport to embrace.

Mark Brady, Chris R. Tame, Judy Englander. (Members of the Executive), The Radical Libertarian Alliance, 2, Elmwood Court, Constitution Hill, Woking, Surrey.

The customer rules

From the chairman, The Marketing Society.

Sir, — The most perceptive aspect of the planned regeneration of Leyland is the switch from the manufacturing based philosophy of Ryder to the marketing approach of its new management. Improved products, competitive prices and the single-minded rebuilding of brand reputations will do far more to stop potential customers walking past Leyland's showrooms than basing growth upon higher production targets under a new corporate umbrella. An improved market share will safeguard jobs and benefit Leyland employees in the long term far more than the protective activities of even the most powerful of trade unions. And reception of the new emphasis by their representatives suggests that the correlation between market share and employment prospects has gained acceptance. Meanwhile, the CBI, under Sir John Methven, is reconstituting its marketing committee. Both sides of industry should benefit from the recognition that The Customer Rules — OK? Dennis Hughes.

The Marketing Society, Spa House, 11-17, Worpole Road, S.W.19.

To-day's Events

GENERAL

Balance of payments figures for January, provisional.

Index of industrial production (December, provisional).

Major British companies meet at CBI headquarters to consider a concerted reaction against Government blacklisting.

National meeting of Shell shop stewards on company's revised pay offer to its tanker drivers.

EBC Council of Ministers ends two-day meeting in Copenhagen on European political co-operation.

EBC Agriculture Ministers end two-day meeting, Brussels.

European Parliament in session, Strasbourg.

Mr. Albert Booth, Employment Secretary, is guest speaker at

London Chamber of Commerce lunch, Savoy Hotel, W.C.2.

Mr. Alan Williams, Minister of State, Industry, speaks on U.K. investment climate and its industrial strategy at Anglo-French seminar in Paris.

Greater London Council budget meeting, at which formal decision is expected to peg its rate demand at 17p in the £ for third consecutive year.

Report of Advisory Council on Energy Conservation's Working Group on Buildings.

National Office Reprographic Exhibition opens, Wembley Conference Centre.

Licensed Hotel Catering Exhibition opens, Metropole Centre, Brighton (until February 16).

PARLIAMENTARY BUSINESS

House of Commons: Scotland Bill, remaining stages.

House of Lords: Domestic Proceedings and Magistrates Courts Bill, committee. Motion to approve Beef Premiums (Protection of Payments) Order 1978. Participation of Agreements Bill, committee. Debate on Rhodesia.

Select Committee: Nationalised Industries (sub-committee A). Subject: National Bus Company report and accounts. Witnesses:

National Bus Company (4 p.m., Room 8).

COMPANY RESULTS

Haggas (John) (half-year). MFI Furniture Centres (half-year).

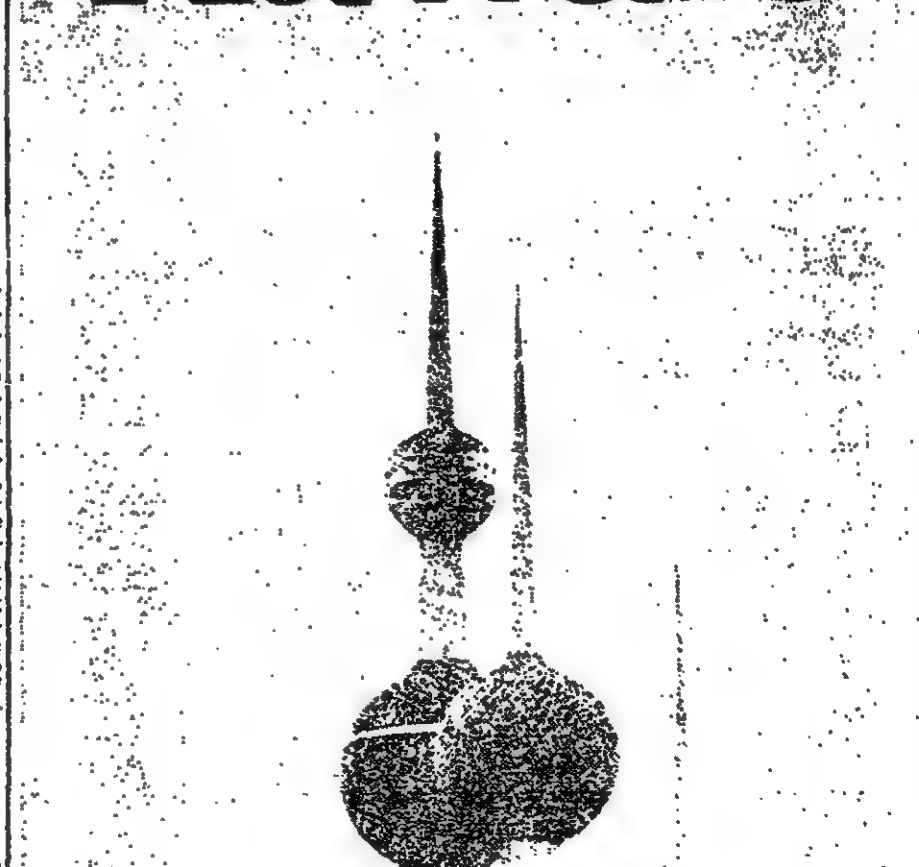
COMPANY MEETINGS

Bank Leumi (U.K.), 4-7, Woodstock Street, W. 20, Carroll (P. J.), Dundalk, 11, Hardy's and Hanson's, Nottingham, 12, NBS Newsagents, Woking, Surrey, 230.

MUSIC

BBC Concert Orchestra, conductor Ashley Lawrence, soloists William Bennett (flute) and Orlan Ellis (harp), in programme of Schubert (Overture: Rosamunde); Mozart (Concerto in C for flute and harp); and Dvorak (Symphony No. 4 in D minor), at Guildhall, E.C.3, 12.15 to 2.15 p.m. Admission free.

Kuwait



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MONDAY & FRIDAY
ON THE UNIQUE
MAS DC-10-30

COMPANY NEWS+COMMENT

Nottingham Manuf. £3.75m. ahead to £15m.

INCLUDING A £1.37m. profit on the disposal of investments the pre-tax surplus of Nottingham Manufacturing Co. climbed from £11.27m. to a record £13.02m. in the year to December 31, 1977.

Turnover in the year rose £24.15m. to £158.28m., and the result is after a £1.85m. (£1.85m.) contribution from investment income and payment of loan stock interest of £896,000 (£717,000). At half-way profit was £4.54m. (£3.57m.).

After tax of £4.52m. (£3.26m.) net profit for the year is £10.5m. (£8.01m.). Earnings per share are shown at 20.24p (15.45p) basic, and fully diluted at 18.19p against 13.99p.

The dividend total is lifted from 2.9043p to 3.24375p with a final of 2.331875p net per 25p share.

The group manufactures knitted outerwear, hosiery, etc., and tufted carpets.

	1977	1976
Turnover	158,283	134,131
Operating profit	13,020	11,270
Investment income	1,850	1,850
Profit on sale of inv.	1,370	—
Interest	1,370	—
Profit before tax	15,610	13,120
Tax	5,110	5,110
Net profit	10,500	8,010
Dividends	1,850	1,850
Surplus	8,650	6,160
Earnings	20.24p	15.45p
Dividends	18.19p	13.99p

On consolidation of loan capital.

See Lex

Record for Plastic Construct.

AFTER INCREASING from £105,493 to £214,211 at half-way, pre-tax profit of Plastic Construct. has ended the September 30, 1977, year ahead from £404,838 to a peak £503,149. A one-for-one scrip issue is also announced.

Turnover in the period rose £1.55m. to £20.0m. and after tax of £273,498 (£214,038) net profit comes out at £238,713 compared with £100,190.

Earnings per share are given at 8.75p (8.09p) and the final dividend is up from 2.40p to 2.77p, taking the total to 4.15p per 10p share against 3.718p last time.

Directors say that turnover for the first quarter of the current year is ahead of last year's level, and the order book is at a healthy level.

Improved manufacturing facilities at Birmingham and an additional manufacturing unit in the north-east are among measures being taken to meet increased demand.

	1977-78	1976-77
Turnover	20,000	18,450
Profit before tax	503,149	404,838
Tax	273,498	214,038
Net profit	238,713	100,190
Minority credits	—	1,847
Dividends	2,770	2,400
Earnings	8.75p	8.09p
Dividends	4.15p	3.718p

After waiver of £28,310 (£28,778).

HIGHLIGHTS

Nottingham Manufacturing's full year figures, showing profits up from £11.2m. to £13m., are in line with market expectations, and reaffirm the group's steady progress. Lex also takes a look at the implications of Glyndwr's South African subsidiary merging with part of South African General Electric. On the results front buoyant figures from Ladies Pride pushed the shares up to a new 1977-78 high, while Glass and Metal's results show a steady upward trend. Manchester Ship's results were down by nearly half after substantial dredging costs, strikes and lower volume.

Manchester Ship Canal slumps

ALTHOUGH operating revenue of Manchester Ship Canal Co. improved from £21.48m. to £23.34m. taxable earnings slumped from £4.03m. to £2.12m. for 1977. At half-way, when profit was down £1.12m. to £1.12m., the directors said that the decline, above all, reflected the greatly increased cost of dredging the company's approach channel in the River Mersey where silting, which is cyclical, has occurred at a substantial rate. It was necessary to dredge one part continuously, they said.

Tax for the year was lower at £1.03m. (£1.93m.) and net profit improved from £1.07m. (£2.1m.). Stated earnings per £1 share came out more than halved at 24.6p (£22.3p) and the net total dividend is stepped up to 13.584p (£14.049p) with a final of 9.049p.

At year end, general reserves were higher at £10.33m. (£9.95m.).

	1977	1976
Operating revenue	23,340	21,480
Operating profit	1,347	1,347
Loan & invest. income	1,172	1,165
Less sales surplus	61	183
Exceptional items	—	—
Interest charges	708	607
Pre-tax profit	2,120	4,030
Tax	1,030	1,930
Net profit	1,090	2,100
Dividends	2,770	2,400
Surplus	8,120	9,600
Earnings	24.6p	22.3p
Dividends	13.584p	14.049p

For redemption of loan capital.

comment

Manchester Ship Canal's pre-tax profits slumped by 47 per cent. last year as the group was hit by substantial dredging costs, industrial disputes and very flat trading conditions. The cost of dredging the group's approach route in the Mersey Estuary rose by 78 per cent. last year, while around £2.5m. of profits and work is still being done on the channel, although the group hopes that costs will be nowhere near as heavy in the current year. Meanwhile industrial disputes completely closed the Port of Manchester for two weeks in the

second half, while parts of the port were closed for even longer by another dispute involving locksmen. The volume of toll paying traffic using the port fell by 7.7 per cent. last year as oil tankers fell away sharply and trading conditions remain flat, with the world still in a substantial oil surplus. But a yield of 11.8 per cent. at 208p, with a dividend covered 1.1 times, looks attractive despite unexciting trading prospects. The p.e. is 8.1 and the constant threat of nationalisation — although discounted in the short-term — cannot have helped the rating.

Mr. M. B. Barber, chairman, says that the group has the orders and the facilities to produce record figures for 1977-78.

In the six months ended October 31, 1977 group profits have reached £134,000 compared with £104,000 in the immediately preceding six months and with depressed £72,000 for the first half of 1976-77. Compared with the first six months turnover has jumped from £9.77m. to £10.62m.

The interim dividend is increased from 0.575p to 0.69p net — the total for 1976-77 was 1.3519p.

The group's business is that of specialist toolmakers and automatic and capstan operators.

comment

Thanks to more buoyant exports, full year profits of Ladies Pride — up 26 per cent. — were better than expected and the shares jumped up to a 1977-78 high of 30p. While the home market for the company's fashion outerwear remains static, the weak pound gave an edge to overseas prices and volume expanded by an impressive 38 per cent. in cash terms exports jumped around 34 per cent. to almost a quarter of group sales, compared with a

PRE-TAX profit of Ladies Pride Outerwear expanded from £305,000 to a record £1,020,000, on sales of £1.18m. ahead at £3.84m. for the year to November 30, 1977. At half-time, when the surplus was up at £411,210, against £242,736, the directors were confident of the group continuing its progress.

Now the directors say they have an excellent order book for the spring garments and all factories are fully employed meeting this demand.

Earnings per 20p share are shown at 10.55p (£5.21p) and the net total dividend is raised to 2.32p (£2.19p equivalent) with a final of 1.38p. A further one-for-five scrip issue is proposed.

Tax took £30,000 (£427,000) leaving net profit at £990,000 (£381,000).

For 1977 Scottish Western Investment Company enhanced taxable revenue by £0.26m. to a record £1.94m. Net assets per 25p Ordinary and "B" shares were higher at 110.6p, against 103.3p.

Tax took £794,079 (£890,839) and attributable revenue emerged at £1.15m. (£943,469). Earnings per share are stated at 2.32p (1.89p) basic, or 2.13p (1.79p) fully diluted.

The net total dividend is raised to 2.2p (1.65p) with a final of 1.8p and for the current year the directors propose an increased interim of 0.7p (0.6p).

comment

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5th in the previous year. However, continuing growth in these markets will be difficult to achieve if sterling gets much stronger, a factor which will also eliminate last year's currency gains of £53,000. The gross wages bill is about 15 per cent. higher — this includes pay rises of about nine per cent. with the balance being accounted for by a return to a piece-rate wage structure which the company says, has resulted in a 10 per cent. saving in unit costs through higher productivity. Meanwhile liquid funds are building up (£10.8m. at November 1977) and the company is searching for acquisitions. The shares are on a p.e. of 4.8 while the yield of 7.3 per cent. is covered around three times.

Upsurge by Press Tools

THE SHARPLY improved profit trend achieved by Press Tools in the second half of 1976-77 has carried through into the first six months of the current year.

Mr. M. B. Barber, chairman, says that the group has the orders and the facilities to produce record figures for 1977-78.

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DIVIDENDS ANNOUNCED

Company	Current dividend	Date of payment	Corresponding dividend	Total dividend	Total dividend for year
Richpogate Plac. 2nd Int.	25	April 3	1	26	7.1
Glass & Metal	3.03	April 4	2.75	5.78	7.1
Impala Platinum 2nd Int.	20	—	10	30	7.0
Ladies Pride	1.36	—	1.29	2.65	7.0
Ariel Industries	0.54	April 10	0.74	1.28	14.05
Scottish Western	0.06	July 3	2.08	2.14	2.9
Nottingham Manuf.	2.23	—	2.47	4.70	3.2
Plastic Construct.	2.77	—	2.47	5.24	3.2
Press Tools	0.68	April 7	0.58	1.26	1.83
Scottish Western	1.5	April 13	1.43	2.93	1.95
Scottish Western	0.7	Aug. 29	0.6	1.3	2.3
Western Canada	4	Mar. 20	4	8	16

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issues. † On capital increased by rights and/or acquisition issues. ‡ Additional 0.025p for 1976/77. § South African cents throughout. ¶ 40c (30c) running total. †† 4c

Poor start for Homfray's Australian operations

The current year has begun badly for Homfray & Co. (Construction), London, with an 11-week power strike in Victoria affecting sales for the first two months of the year.

Australian operations were the mainstay of profits in 1976-77, contributing £1.2m. of the total pre-tax profit of £1.2m. In the previous 15 months the contribution was £2.2m. of the total pre-tax profit of £1.2m.

Mr. D. E. Gillam, chairman, says that U.K. sales of Homfray have begun the year slightly ahead of the previous year, but says it would be premature to make any forecasts until the pattern of demand emerges following the anticipated tax cuts in the next Budget.

Expansion of operations in Australia is continuing. Homfray has recently purchased a small commission dyeing plant and in 1978 intends to build a new upstitching and heat setting plants will be installed.

The German subsidiary Homfray Carpets (Deutschland) is now registering substantial sales after its high setting up costs.

In 1977 Homfray increased its U.K. market share and the carpet operations were reconstructed with all manufacturing and selling operations now in one subsidiary.

The group has also just brought into use the first polyurethane cushion backing plant in the U.K., after nine months of development work with ICI Chemical Co. of the U.S. Mr. Gillam says the new type of carpet backing will be a major breakthrough.

In the year there was an overall £1.14m. decrease in working capital compared with a £1.36m. increase previously. Net assets per share declined from £11.34m. to £10.93m. with bank loans and overdrafts up from £2.32m. to £2.05m.

Meeting, Halifax, March 8 at noon.

Winding-up orders

Orders for the compulsory winding up of 34 companies were made by Mr. Justice Slade in the High Court yesterday.

They were: Cellocast (Woking), Lion and Unicorn, Top Grade Dis-

Ariel Indust. holds £0.3m. at halftime

Maintained taxable profit of £225,000, against £222,500 on sales ahead from £2.38m. to £2.51m. is reported by Ariel Industries for the six months to September 30, 1977.

The directors say that, although demand for products continues to be far from buoyant, it is anticipated that the total net dividends for the year will be higher at 2.14p, compared with 1.85p last year, paid from record profit of £0.70m. The interim dividend is raised to 0.866p per 25p share, including an additional 0.025p for 1976-77 following cut in tax rate.

With the downturn in the South African economy trading conditions are becoming difficult and the directors are negotiating the sale of the company's interests there.

After tax of £155,900 (£180,100) net profit for the first half emerged at £170,000 (£182,400).

The company, which manufactures industrial fasteners, light engineering products, etc., has close status.

Investors Capital expects earnings and dividend rise

IN THE CURRENT year Mr. C. F. Leigh, chairman of Investors Capital Trust foresees a further rise in earnings giving scope for a higher dividend for holders.

In the year ended November 30, 1977 earnings rose by 46 per cent. and the Ordinary dividend was stepped up by 37.3 per cent. from 1.2p to 1.65p. Big dividend increases from both U.K. and overseas investments, the higher sterling value of foreign currency income and lower interest costs associated with the dollar loans have all contributed to the increase.

In 1977-78 the Trust expects to benefit from further dividend rises and lower interest costs on the dollar borrowings.

Assets attributable to Ordinary holders in 1976-77 rose by 15 per cent. and have more than doubled since November, 1974. This gain over the three years exceeds the rise in the cost of living over the same period so the real value of the assets has been maintained.

Looking at the portfolio the chairman says that some sales were made in Japan in early 1977 and in the U.K. profits were taken in certain sectors where a heavy emphasis had been placed and where in certain cases the market rating was fully discounted in medium-term growth prospects.

Soon after the year-end the investment in Japan was further and very sharply reduced in consideration of the decline in corporate profits and apparent as the Japanese economy adjusts to a growth rate far below its post-war trend.

The directors have reviewed the position of the Trust in the present investment climate and they consider that the particular purposes of the company equip it very well to meet the changing pattern of market demand for investment trust shares.

The chairman now expects a better balance between supply and demand to be restored to the whole trust sector. This is because a significant number of trust shares have been removed from the market as a result of takeover bids and, secondly, some holders who have received cash considerations will want to buy back their interest in investment trusts.

Charter Trust sees further increase

Preliminary estimates of income for the current year indicate a further increase in revenue for Charter Trust and Agency Mr. H. C. Baring, chairman, says in his statement with accounts.

In the year to November 30, 1977 revenue before tax rose from £1.19m. to £1.41m. and Mr. Baring says there was an overall dividend of £717,000 with the proceeds of these sales and part of cash balances being used to increase the Government securities by £808,000.

There was a £285,000 reduction of investments in the U.S. with smaller reductions in Europe and Canada. Japanese investment increased by £162,000.

At year end the U.K. accounted for 60.4 per cent. of invested funds (57 per cent.) and the U.S. 34.4 per cent. (34.5 per cent.).

Because of the extreme volatility of the investment dollar premium the directors decided to reduce the exposure to the risk of the Government amending the exchange control regulations by refinancing part of its U.S. portfolio through a dollar overdraft.

A \$2m. overdraft was secured in the year and since the year end this has been increased by \$1m. with \$2.7m. of the \$3m. total drawn down. The proceeds of the premium dollars realised by this arrangement have been invested mainly in gilt edged securities.

At balance date quoted U.K. securities stood at £20.97m. (£13.29m.) and overseas securities £27.71m. (£20.35m.). Unquoted U.K. securities were £0.5m. (£0.5m.) and overseas £0.05m. (£0.05m.).

Caledonian Trust at £0.57m. so far

Pre-tax revenue of Caledonian Trust Co. increased from £48,729 to £20,285 in the six months to December 31, 1977.

After tax of £23,257 (£212,431) net profit is ahead from £266,378 to £336,648. Asset value per share is shown at 92p (93.7p).

As previously announced the interim dividend is lifted from 0.5p to 0.6p net per 25p share. A 1.1p final was paid on record taxable revenue of £1.03m. last year.

NEW FINANCE COMPANY

The French automobile group Peugeot-Citroen says it has signed an agreement with Mercantile Credit to set up a finance company in England.

The two companies will have

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Second half push at Glass & Metal

AN ADVANCE in second-half taxable earnings from £469,394 to £523,827 by Glass and Metal Holdings lifted the full-time profit for the year to October 31, 1977 to a record £1.05m., against £814,205. Sales improved by £0.79m. to £5.59m.

In July the directors said that the new tempering line installed at Splintex was operational and reflected in increased profits. Improved results and the glass division was trading satisfactorily despite a downturn in demand. Overall maintained progress was forecast.

Stated earnings per 10p share for the year were up at 14.2p (10p) and the net dividend is raised to a maximum permitted 3.025p (£3.75p).

In accordance with the accounting treatment proposed in ED19 the deferred tax provision at October 31, 1978, has been largely written back reducing tax for 1978/77 by £77,014.

comment

Valuation all Glass and Metal Holdings £1.05m. pre-tax profit

(up 29 per cent.) has been generated by the glass division which is reaping the benefits from the group's £600,000 modernisation programme. This has included the introduction of new glass toughening process (working for only 6 months last year) at Splintex, which has lifted its profits from £20,000 to around £25,000. A large time contribution of about £40,000 from Applied is also being reaped.

Glass will have helped while the aluminium window frames has increased its contribution by around 15 per cent. The glass division has virtually no exposure to the construction industry and has been clearly assisted the group to maintain a solid profit record which shows a 27 per cent. compound pre-tax profit growth since the past five years. However, Glass and Metal's engineering interests have been less successful and made little or no contribution last year. The group is seriously considering the future of its engineering interests. Conversely with a cash balance of around £700,000, the group also has a cash balance of around £700,000. The shares rose 5p to 245p on yesterday's results, and earnings per share up 42 per cent. (reflecting the lower tax rate) to 14.2p. The yield is 7.2 per cent.

Chairman sure of growth for Blundell-Permoglaze

WITH STRONG demand for its products persisting in the current year and every sign of more stable conditions in the paint industry, Mr. N. G. Bassett Smith, chairman, is sure that profits of Blundell-Permoglaze Holdings will increase in 1977-78.

He says in the statement with accounts that the year beginning with inflation at a lower level and the rate of increase in raw material prices slowing down are important factors.

Impala scents recovery

KENNETH MARSTON, MINING EDITOR

PS the most telling sign of recovery in the platinum market is the sudden transition of the platinum market from depression to near-collapse. The price of platinum has doubled in the last few months, from 100 to 200. This is a sign of recovery in the platinum market.

Impala Platinum, which owns 21.8 per cent of Impala, is raising its second quarterly dividend to 2 cents from 1 cent. The shares were up 1.5 cents to 15.50. Impala's last half-year dividend was 1.5 cents. The shares were up 1.5 cents to 15.50.

Phelps Dodge profits fall

LOW prices for copper coupled with a mid-year strike at some of its copper operations are reflected in lower 1977 earnings of Phelps Dodge. The company's earnings fell 10 per cent to \$1.15 a share.

Malayan Tin's good output

A NOTABLY good showing in the January tin concentrate outputs of the Malayan Tin Corporation is made by Malayan Tin. The company's output was 1,150 tonnes.

HANG SEEKS NJONG STAKE

Malaysian tin-producing Consolidated has offered a 20.5 per cent stake in Hang Seng. The company's output was 1,150 tonnes.

Western Canada Earnings Higher

Gross revenue of Western Canada Investment Co. was up 10 per cent to \$1.15 a share. The company's output was 1,150 tonnes.

Large assistance

Bank of England Minimum lending rate 6 per cent. The company's output was 1,150 tonnes.

Money Market

12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
1.12	1.13	1.14	1.15	1.16	1.17	1.18	1.19	1.20	1.21	1.22	1.23	1.24	1.25	1.26	1.27	1.28	1.29	1.30	1.31

Bids and Deals

Babcock to have 75% of new boilermaking group

BY MAX WILKINSON

AGREEMENT now appears to be near on the terms for a merger of the large boilermaking interests of Babcock and Wilcox and Northern Engineering Industries. The new company would have up to a 75 per cent share in the new company and would take over the former Babcock and Wilcox factory in Gateshead.

BOARD MEETINGS

The following companies have notified their shareholders of board meetings to be held on the following dates:

Company	Date
Babcock and Wilcox	Feb. 15
Northern Engineering Industries	Feb. 16
...	...

BLAKE'S

The formal offer document with the bid of 41p cash a share by Centraway for the 67.06 per cent of Blake's (Malaya) Holdings has been sent out by G. R. Dawes (Management Services).

REDIFFUSION

Rediffusion has purchased the television rental contracts of Rediffusion Rentals of Bletchley and Watlington Radio and TV of Reading.

EPICURE/SLEA

The Board of Epicure Holdings announces that, following the completion of the takeover of SLEA, the company has been renamed Epicure Holdings.

GRAFF OFFER WILL NOT BE RAISED

The saga of Graff Diamonds is drawing to a close. In the document for the latest revised offer of 14p per share (worth 70p prior to the capitalisation issue), the new offer is described as final.

UPDOWN INVEST

Carew and Co. announces that by February 10 acceptance had been received under terms of its offer for 92.25 Ordinary Shares of Updown Investment Co.

BROWN BROTHERS

Brown Brothers has acquired G.N.U. Auto Parts, which will continue trading under this name. The company has branches in Newcastle and Plymouth, offering the trade a comprehensive range of replacement car/truck parts and accessories.

THE CHARTER TRUST & AGENCY LIMITED

Extracts from the Report and Accounts for the year ended 30th November 1977

1977	1976	
GROSS REVENUE	£1,453,746	£1,450,960
NET REVENUE AVAILABLE FOR ORDINARY STOCK	£849,955	£698,494
EARNED FOR ORDINARY STOCK (Net)	2.22p	1.89p
DIVIDENDS ON ORDINARY STOCK (Net)	2.15p	1.80p

Confusion at Marshall's

By tomorrow shareholders of Marshall's Universal should know whether there is a bidder prepared to put up £7.9m. for an undefined minority stake in their company—or not. At present, there is a distinct air of confusion about the partial offer which was contained in a letter from Mr. David Maltz last week, but Mr. Roger Doughty, Marshall's chairman, is expecting to hear from Mr. Maltz some time today.

PHILIPS BUYS MORE ELECTRONIC RENTALS

Philips Electronic and Associated Industries acquired further shares in Electronic Rentals, increasing its stake from 30.88 per cent to 31.27 per cent. Last year Philips was obliged under the Takeover Code, to bid for Electronic Rentals when its holding went over 30 per cent. However, the bid was designed to fail and did so.

SAVERS BUYS

Sangers Optical, a wholly-owned subsidiary of the Sangers Group, has acquired the capital of Derek Spivack and Putney Optical for £385,500 cash. Net tangible assets acquired, essentially comprising the optical practices of the two companies, including properties at open market value, amount to £36,000. Pre-tax profit for the 17 months to August 31, 1977, before charging directors' emoluments and non-recurring items, is estimated to have been £58,000.

Summary of Results

	1977	1976
Turnover	£24,312	£17,866
Profit before taxation	1,102	523
Profit after taxation	655	589
Earnings per share	10.26p	9.21p
Dividend per share	3.72p	3.33p

Points from the Chairman's Review:

- Investment programme of earlier years an aid to improvement in profitability.
- Turnover increased by 36%.
- Dividend, the maximum permitted, covered 2.76 times.
- Best ever year for Eastham kitchen furniture both in turnover and profitability. Market share increased.
- Steady growth for industrial engineering division.

Lord Hewlett, Chairman.

The Annual General Meeting will be held at 12 noon on the 21st February at the Great Eastern Hotel, Liverpool Street, London EC2. Burco Dean Limited, Accrington Road, Burnley, Lancs. BB11 5DS

Eastham · Eastham Burco · Eastham Maxol

INVESTORS CAPITAL TRUST LIMITED

Annual Report for the year to 30th November 1977

	1977	1976
Valuation of Investments	£78,720,000	£70,509,000
Net Assets per 25p share	95.4p	83.3p
Gross Revenue	£3,273,500	£2,622,500
Dividend	1.65p	1.20p

Assets attributable to Ordinary Shareholders rose 15 per cent in the year. Net asset value per Ordinary Share is close to the highest recorded in the history of the Company and has more than doubled since November 1974 which was the end of the year in which the Company changed its name and adopted revised investment policies. The gain achieved over these past three years exceeds the extraordinary rise in the cost of living over the same period and so the real value of the assets has been effectively maintained.

Earnings per Share for the past year have risen by 46 per cent and the Directors recommend the payment of a final dividend of 1.05p. The total of 1.65p will be the highest net dividend paid to Shareholders for any one year and represents an increase of 37.5 per cent over the distribution for the previous year. In the coming year a further rise in earnings is expected giving scope for a higher dividend to shareholders.

In his annual Statement the Chairman expresses disappointment

Copies of the Report may be obtained from the Secretary

INVESTORS CAPITAL TRUST LIMITED
9 CHARLOTTE SQUARE, EDINBURGH EH2 4DY
A member of The Association of Investment Trust Companies

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Toyota sales at peak as operating profits fall

BY YOKO SHIBATA

TOYOTA MOTOR COMPANY has quite so striking as the increase in sales of 12.5 per cent. Operating profits fell 3.5 per cent. to \$122.6m. for the six months ended December 31 last, up from \$118.1m. in the corresponding period of 1977. This reflects higher steel and labour costs, and a rise in depreciation charges, offset by a 1.7 per cent. increase in the company's expansion plan. This involves installing a new production line to produce 10,000 vehicles a month at its Tahara plant (scheduled to start this spring). Toyota's export ratio rose to 55.1 per cent. from 53.1 per cent. a year ago. However, Toyota's expansion of production and sales was not

TOKYO, Feb. 13.

revenue. Toyota's net financial revenue (interest and dividends received minus interest paid) increased to ¥23.2bn. from ¥21.7bn. in the previous year. Net profits were ¥95.7bn. (\$331m.), up 7.5 per cent. over the previous year and Toyota's balance sheet position improved further. Its equity ratio rose to 57.7 per cent. from 55.5 per cent. as of December 31, 1977. For the current half year ending June 30, the company places its sales target at 1.39m. units. In addition to an exchange loss caused by the appreciation of the yen, the company expects a further ¥10bn. increase in depreciation charges. Current profits for the year are forecast at ¥190bn., down 8 per cent. and net profits could decline by 19 per cent. to ¥95bn.

Munkarie gas flow

BY LAURENCE STEPHENS

SYDNEY, Feb. 13.

EAST AUSTRALIAN GOVERNMENT is hoping that the Munkarie Well will encounter a commercial gas flow and after a gas flow to-day. The well, in which the State present programme is being carried out through the South Australian Oil and Gas Corporation Pty. Ltd., has a 10 per cent. interest in the well. It is expected to reach a total depth of 3,323 feet. The Copper Basin programme is aimed at providing additional gas reserves to cover contract obligations held by the Australian Gas Light Company for gas supply to South Australia. The well is located in the Munkarie field, another well early last week. The Epsilon formation, which company will be forced to allow not the venture partner's for drilling target at present. Partners in the Munkarie Well are Santos Ltd., 50 per cent., and the International Oil Corporation, 50 per cent. Yamas Ltd., the South Australian Minister of Mines and Energy, Mr. H. R. Han Oil and Gas Corporation, 10 per cent., said to-day that the flow per cent.

IDB trusts' growth

ISRAELI DISCOUNT BANK — Israel's third largest bank — reports that the assets of the eight trust funds it manages rose by 87 per cent. to the equivalent of \$140m. sterling in the course of 1977. The different funds invest in varying proportions in index-linked, foreign-currency linked, and/or shares in local and foreign currency. All of them are paying considerably higher dividends than in 1976, some of them in cash, some of them in cash plus bonus certificates.

KL-Kepong issues shares to Malays

BY WONG SULONG

KUALA LUMPUR, Feb. 13.

KUALA LUMPUR-KEPONG, one of the largest of Malaysia's plantation companies, has announced the issue of 15m. shares to Bumiputras (Malays), in accordance with the Government's policy of encouraging Malaysia to take a larger stake in corporate ownership.

The new shares will increase KLK's issued capital by 9.84 per cent. to 167.5m. shares. The company's capitalisation is the second largest on the Kuala Lumpur and Singapore exchanges, after Sime Darby.

The price for the Malay shares has not been fixed and is subject to approval by the Capital Issues Committee. KLK shares closed at 1.57 ringgit (about 67 U.S. cents) on the Kuala Lumpur Exchange last week.

KUALA LUMPUR, Feb. 13.

Aseanbankers Malaysian Berhad, which is managing the issue, said that it had firm undertakings from institutional Malay investors that they would take up 12m. of the shares, while the rest would be offered to the Malay public. As a result of good prices and higher production, KLK made a record profit of 42m. ringgit (U.S.\$17.8m.) last year and paid a 12.5 per cent. dividend.

Last week, another Malaysian company, United Asbestos Cement, announced that it was offering 1.8m. shares for Bani-putras at a price of 1.8 ringgit, compared to the current market price of 2.34 ringgit.

Mizrahi Bank plans scrip

BY L. DANIEL

TEL AVIV, Feb. 13.

UNITED MIZRAHI Bank, one of Israel's five largest, intends to increase its capital in the near future through a scrip issue and the issue of capital notes and options at the ratio of one-to-three.

In addition, the bank will make a small amount of shares available to its employees and pensioners, with the total issue of ordinary shares to come to \$2.24m. sterling, nominal value in addition, the bank intends

to offer to the public 11.6m. sterling worth (nominal value) of capital notes bearing 18 per cent. interest, together with options to a nominal value of \$400,000 sterling. They are to be offered in units comprising 10,000 (\$3.22 sterling) nominal value of notes and 80p sterling (nominal value) of options.

The new shares to be issued will not entitle the buyers to dividends in respect of 1977 (15 per cent. cash plus 20 per cent. bonus shares).

Al-Rajhi brothers set up finance company

By Our Foreign Staff

THE LARGEST private money-changing family in Saudi Arabia has set up a company with a paid-up capital of Saudi riyals 800m (\$173.4m.). Called Al-Rajhi Company for Currency Exchange and Commerce, it is based on the wealth of four brothers: Saleh, Suleiman, Abdullah and Mohammed. The second eldest, Sheikh Suleiman Al-Rajhi, is likely to be managing partner.

The company received ministerial approval for its establishment at the beginning of this year and is to start operations next month through its head office in Riyadh and 43 branches throughout the kingdom.

The money-changing operations of the Al-Rajhi family started in the 1940s and the four brothers eventually set up separate establishments. Their business expanded considerably after the rise in oil prices following the 1973 Arab-Israeli war.

Although the new company is to offer finance for the profitable sectors of general trading and trading in building materials, according to Mr. John Browne, director (Middle East Operations) of the European Banking Company Limited it is clear that its traditional money-changing operations.

INSIDER TRADING

SEC backs off

BY LEO GONZAGA IN MANILA

THE SECURITIES AND Exchange Commission of the Philippines (SEC), has postponed indefinitely the implementation of a policy which would have banned stock market trading in shares of companies by stockbrokers sitting as directors or officers of the same companies. The policy was approved by the SEC on January 18 and was to have become effective on February 4. The Commission decided on postponement following a request for reconsideration made by the Philippine Association of Securities Dealers (PASD).

Originally, the SEC had wanted to prohibit stockbrokers from becoming directors or officers of market-listed companies in view of inquiry findings tending to link certain trading irregularities to interlocking relationships between directors/officership relationships, such as a ban was planned under which it was charging 1.5 per cent. commission on buying, and 0.5 per cent. commission on selling if the two transactions were on behalf of the same trader within 21 days.

Before the agreement, mainly because of the commission rate differential favouring MKSE over MSE, the suburban bourse had been transacting more business than its city counterpart. Of a recent week's turnover, for example, Manila's share was only 37 per cent. in value terms, but 58 per cent. in volume terms or exchange. From now on, the two groupings of securities dealers, however, requested a reconsideration of the policy on "insider trading." Pending resolution of the request, the prohibition would not be enforced, the SEC announced.

Meanwhile, the Manila Stock Exchange (MSE) and the Makati Stock Exchange (MKSE) have ended their quarrel over the stockbrokers' commission rate. Under an agreement reached recently, the MSE and the MKSE are free to charge a rate below the 1.5 per cent. ceiling allowed by the SEC, but no one exchange can unilaterally charge less than the maximum without the consent of the other—they have to make the reduction at the same time and uniformly as well. Again, this will be unwelcome to investors, since they will have to pay more in terms of brokers' commission.

The SEC decision was hailed in the newspapers and among market traders, as a victory for the groupings of securities dealers, however, requested a reconsideration of the policy on "insider trading." Pending resolution of the request, the prohibition would not be enforced, the SEC announced.

Anglo-Alpha earnings dip

BY RICHARD ROLFE

JOHANNESBURG, Feb. 13.

LINE with declining national from R2m. to R1.7m., or from 2.5 per cent. to 2.2 per cent. The Anglo-Alpha interim dividend is maintained at 3.75c. per share, and assumption down from R73m. to R67m. for the six months ended December, and forecasts are 10.4 per cent. The Board points out that the deterioration in profitability coupled with low selling prices has reduced the return on assets employed in the cement operations to 3 per cent. However, the group continues to expand, and at December 31, contracts for capital expenditure amounted to R10.5m., while cash flow for the half year was R2.4m. The Board regards current conditions as depressing, but reiterates that it has "every confidence in the long-term future."

Cadbury ahead in S. Africa

BY OUR OWN CORRESPONDENT

JOHANNESBURG, Feb. 13.

PROFITS AT Cadbury-Schweppes company, 1977 being the first full year of operations under the new name, rose up from R2.3m. to R2.5m. for the six months ended December 31 on turnover of R41.5m. to R41.6m. But the lower 32.2c. and the final dividend has been reduced to 32.2c. from 32.5c. The Board points out that the deterioration in profitability coupled with low selling prices has reduced the return on assets employed in the cement operations to 3 per cent. However, the group continues to expand, and at December 31, contracts for capital expenditure amounted to R10.5m., while cash flow for the half year was R2.4m. The Board regards current conditions as depressing, but reiterates that it has "every confidence in the long-term future."

ELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

ISLANDS	Bid	Offer	ISLANDS	Bid	Offer
Australia 5 1/2pc 1980	90 1/2	91 1/2	Denmark 5 1/2pc 1980	107 1/2	108 1/2
V. 5 1/2pc 1987	90 1/2	91 1/2	EPCE 7 1/2pc 1987	104 1/2	105 1/2
U.S. 5 1/2pc 1980	90 1/2	91 1/2	Denmark 5 1/2pc 1980	107 1/2	108 1/2
U.S. 5 1/2pc 1987	90 1/2	91 1/2	Denmark 5 1/2pc 1987	107 1/2	108 1/2
U.S. 5 1/2pc 1990	90 1/2	91 1/2	Denmark 5 1/2pc 1990	107 1/2	108 1/2
U.S. 5 1/2pc 1993	90 1/2	91 1/2	Denmark 5 1/2pc 1993	107 1/2	108 1/2
U.S. 5 1/2pc 1996	90 1/2	91 1/2	Denmark 5 1/2pc 1996	107 1/2	108 1/2
U.S. 5 1/2pc 1999	90 1/2	91 1/2	Denmark 5 1/2pc 1999	107 1/2	108 1/2
U.S. 5 1/2pc 2002	90 1/2	91 1/2	Denmark 5 1/2pc 2002	107 1/2	108 1/2
U.S. 5 1/2pc 2005	90 1/2	91 1/2	Denmark 5 1/2pc 2005	107 1/2	108 1/2
U.S. 5 1/2pc 2008	90 1/2	91 1/2	Denmark 5 1/2pc 2008	107 1/2	108 1/2
U.S. 5 1/2pc 2011	90 1/2	91 1/2	Denmark 5 1/2pc 2011	107 1/2	108 1/2
U.S. 5 1/2pc 2014	90 1/2	91 1/2	Denmark 5 1/2pc 2014	107 1/2	108 1/2
U.S. 5 1/2pc 2017	90 1/2	91 1/2	Denmark 5 1/2pc 2017	107 1/2	108 1/2
U.S. 5 1/2pc 2020	90 1/2	91 1/2	Denmark 5 1/2pc 2020	107 1/2	108 1/2
U.S. 5 1/2pc 2023	90 1/2	91 1/2	Denmark 5 1/2pc 2023	107 1/2	108 1/2
U.S. 5 1/2pc 2026	90 1/2	91 1/2	Denmark 5 1/2pc 2026	107 1/2	108 1/2
U.S. 5 1/2pc 2029	90 1/2	91 1/2	Denmark 5 1/2pc 2029	107 1/2	108 1/2
U.S. 5 1/2pc 2032	90 1/2	91 1/2	Denmark 5 1/2pc 2032	107 1/2	108 1/2
U.S. 5 1/2pc 2035	90 1/2	91 1/2	Denmark 5 1/2pc 2035	107 1/2	108 1/2
U.S. 5 1/2pc 2038	90 1/2	91 1/2	Denmark 5 1/2pc 2038	107 1/2	108 1/2
U.S. 5 1/2pc 2041	90 1/2	91 1/2	Denmark 5 1/2pc 2041	107 1/2	108 1/2
U.S. 5 1/2pc 2044	90 1/2	91 1/2	Denmark 5 1/2pc 2044	107 1/2	108 1/2
U.S. 5 1/2pc 2047	90 1/2	91 1/2	Denmark 5 1/2pc 2047	107 1/2	108 1/2
U.S. 5 1/2pc 2050	90 1/2	91 1/2	Denmark 5 1/2pc 2050	107 1/2	108 1/2
U.S. 5 1/2pc 2053	90 1/2	91 1/2	Denmark 5 1/2pc 2053	107 1/2	108 1/2
U.S. 5 1/2pc 2056	90 1/2	91 1/2	Denmark 5 1/2pc 2056	107 1/2	108 1/2
U.S. 5 1/2pc 2059	90 1/2	91 1/2	Denmark 5 1/2pc 2059	107 1/2	108 1/2
U.S. 5 1/2pc 2062	90 1/2	91 1/2	Denmark 5 1/2pc 2062	107 1/2	108 1/2
U.S. 5 1/2pc 2065	90 1/2	91 1/2	Denmark 5 1/2pc 2065	107 1/2	108 1/2
U.S. 5 1/2pc 2068	90 1/2	91 1/2	Denmark 5 1/2pc 2068	107 1/2	108 1/2
U.S. 5 1/2pc 2071	90 1/2	91 1/2	Denmark 5 1/2pc 2071	107 1/2	108 1/2
U.S. 5 1/2pc 2074	90 1/2	91 1/2	Denmark 5 1/2pc 2074	107 1/2	108 1/2
U.S. 5 1/2pc 2077	90 1/2	91 1/2	Denmark 5 1/2pc 2077	107 1/2	108 1/2
U.S. 5 1/2pc 2080	90 1/2	91 1/2	Denmark 5 1/2pc 2080	107 1/2	108 1/2
U.S. 5 1/2pc 2083	90 1/2	91 1/2	Denmark 5 1/2pc 2083	107 1/2	108 1/2
U.S. 5 1/2pc 2086	90 1/2	91 1/2	Denmark 5 1/2pc 2086	107 1/2	108 1/2
U.S. 5 1/2pc 2089	90 1/2	91 1/2	Denmark 5 1/2pc 2089	107 1/2	108 1/2
U.S. 5 1/2pc 2092	90 1/2	91 1/2	Denmark 5 1/2pc 2092	107 1/2	108 1/2
U.S. 5 1/2pc 2095	90 1/2	91 1/2	Denmark 5 1/2pc 2095	107 1/2	108 1/2
U.S. 5 1/2pc 2098	90 1/2	91 1/2	Denmark 5 1/2pc 2098	107 1/2	108 1/2
U.S. 5 1/2pc 2101	90 1/2	91 1/2	Denmark 5 1/2pc 2101	107 1/2	108 1/2
U.S. 5 1/2pc 2104	90 1/2	91 1/2	Denmark 5 1/2pc 2104	107 1/2	108 1/2
U.S. 5 1/2pc 2107	90 1/2	91 1/2	Denmark 5 1/2pc 2107	107 1/2	108 1/2
U.S. 5 1/2pc 2110	90 1/2	91 1/2	Denmark 5 1/2pc 2110	107 1/2	108 1/2
U.S. 5 1/2pc 2113	90 1/2	91 1/2	Denmark 5 1/2pc 2113	107 1/2	108 1/2
U.S. 5 1/2pc 2116	90 1/2	91 1/2	Denmark 5 1/2pc 2116	107 1/2	108 1/2
U.S. 5 1/2pc 2119	90 1/2	91 1/2	Denmark 5 1/2pc 2119	107 1/2	108 1/2
U.S. 5 1/2pc 2122	90 1/2	91 1/2	Denmark 5 1/2pc 2122	107 1/2	108 1/2
U.S. 5 1/2pc 2125	90 1/2	91 1/2	Denmark 5 1/2pc 2125	107 1/2	108 1/2
U.S. 5 1/2pc 2128	90 1/2	91 1/2	Denmark 5 1/2pc 2128	107 1/2	108 1/2
U.S. 5 1/2pc 2131	90 1/2	91 1/2	Denmark 5 1/2pc 2131	107 1/2	108 1/2
U.S. 5 1/2pc 2134	90 1/2	91 1/2	Denmark 5 1/2pc 2134	107 1/2	108 1/2
U.S. 5 1/2pc 2137	90 1/2	91 1/2	Denmark 5 1/2pc 2137	107 1/2	108 1/2
U.S. 5 1/2pc 2140	90 1/2	91 1/2	Denmark 5 1/2pc 2140	107 1/2	108 1/2
U.S. 5 1/2pc 2143	90 1/2	91 1/2	Denmark 5 1/2pc 2143	107 1/2	108 1/2
U.S. 5 1/2pc 2146	90 1/2	91 1/2	Denmark 5 1/2pc 2146	107 1/2	108 1/2
U.S. 5 1/2pc 2149	90 1/2	91 1/2	Denmark 5 1/2pc 2149	107 1/2	108 1/2
U.S. 5 1/2pc 2152	90 1/2	91 1/2	Denmark 5 1/2pc 2152	107 1/2	108 1/2
U.S. 5 1/2pc 2155	90 1/2	91 1/2	Denmark 5 1/2pc 2155	107 1/2	108 1/2
U.S. 5 1/2pc 2158	90 1/2	91 1/2	Denmark 5 1/2pc 2158	107 1/2	108 1/2
U.S. 5 1/2pc 2161	90 1/2	91 1/2	Denmark 5 1/2pc 2161	107 1/2	108 1/2
U.S. 5 1/2pc 2164	90 1/2	91 1/2	Denmark 5 1/2pc 2164	107 1/2	108 1/2
U.S. 5 1/2pc 2167	90 1/2	91 1/2	Denmark 5 1/2pc 2167	107 1/2	108 1/2
U.S. 5 1/2pc 2170	90 1/2	91 1/2	Denmark 5 1/2pc 2170	107 1/2	108 1/2
U.S. 5 1/2pc 2173	90 1/2	91 1/2	Denmark 5 1/2pc 2173	107 1/2	108 1/2
U.S. 5 1/2pc 2176	90 1/2	91 1/2	Denmark 5 1/2pc 2176	107 1/2	108 1/2
U.S. 5 1/2pc 2179	90 1/2	91 1/2	Denmark 5 1/2pc 2179	107 1/2	108 1/2
U.S. 5 1/2pc 2182	90 1/2	91 1/2	Denmark 5 1/2pc 2182	107 1/2	108 1/2
U.S. 5 1/2pc 2185	90 1/2	91 1/2	Denmark 5 1/2pc 2185	107 1/2	108 1/2
U.S. 5 1/2pc 2188	90 1/2	91 1/2	Denmark 5 1/2pc 2188	107 1/2	108 1/2
U.S. 5 1/2pc 2191	90 1/2	91 1/2	Denmark 5 1/2pc 2191	107 1/2	108 1/2
U.S. 5 1/2pc 2194	90 1/2	91 1/2	Denmark 5 1/2pc 2194	107 1/2	108 1/2
U.S. 5 1/2pc 2197	90 1/2	91 1/2	Denmark 5 1/2pc 2197	107 1/2	108 1/2
U.S. 5 1/2pc 2200	90 1/2	91 1/2	Denmark 5 1/2pc 2200	107 1/2	108 1/2
U.S. 5 1/2pc 2203	90 1/2	91 1/2	Denmark 5 1/2pc 2203	107 1/2	108 1/2
U.S. 5 1/2pc 2206	90 1/2	91 1/2	Denmark 5 1/2pc 2206	107 1/2	108 1/2
U.S. 5 1/2pc 2209	90 1/2	91 1/2	Denmark 5 1/2pc 2209	107 1/2	108 1/2
U.S. 5 1/2pc 2212	90 1/2	91 1/2	Denmark 5 1/2pc 2212	107 1/2	108 1/2
U.S. 5 1/2pc 2215	90 1/2	91 1/2	Denmark 5 1/2pc 2215	107 1/2	108 1/2
U.S. 5 1/2pc 2218	90 1/2	91 1/2	Denmark 5 1/2pc 2218	107 1/2	108 1/2
U.S. 5 1/2pc 2221	90 1/2	91 1/2	Denmark 5 1/2pc 2221	107 1/2	108 1/2
U.S. 5 1/2pc 2224	90 1/2	91 1/2	Denmark 5 1/2pc 2224	107 1/2	108 1/2
U.S. 5 1/2pc 2227	90 1/2	91 1/2	Denmark 5 1/2pc 2227	107 1/2	108 1/2
U.S. 5 1/2pc 2230	90 1/2	91 1/2	Denmark 5 1/2pc 2230	107 1/2	108 1/2
U.S. 5 1/2pc 2233	90 1/2	91 1/2	Denmark 5 1/2pc 2233	107 1/2	108 1/2
U.S. 5 1/2pc 2236	90 1/2	91 1/2	Denmark 5 1/2pc 2236	107 1/2	108 1/2
U.S. 5 1/2pc 2239	90 1/2	91 1/2	Denmark 5 1/2pc 2239	107 1/2	108 1/

FARMING AND RAW MATERIALS

Record year for farm exporters

Our Commodities Staff

VALUE OF U.K. visible exports of farm animals, agricultural produce, tractors and dairy rose 36.5 per cent last year to a record £1,928m.

Exports of live cattle more than doubled, rising from 277m. most 1965m. Lamb and pork exports also picked up—more than doubling sales of meat by about 70 per cent. While earnings from beef abroad rose by a relatively small 15m. to £122m, export of poultry meat had a bumper year, increasing sales almost 100 per cent to £23m.

Total exports of farm produce including processed foods—28 per cent to £723m. Agricultural chemicals and animal sales went up 40 per cent, 66.5m., and machinery and other exports were 1,937m.—up 22 per cent.

Tool sales disappointing

MELBOURNE, Feb. 13. ALL SALES of wool textiles in the northern hemisphere have been disappointing, except in the U.S. and the Australian Wool Corporation (AWC) says in its report.

A few signs of recovery in the West, on the ally planned economies, commercial stocks of raw in consumer countries being low, it said.

Throughout Europe and in the U.S., retailers consider there is more than adequate stock of current level of sales and orders are being kept to a minimum, the AWC said.

Ability in world currency continues to hinder, although some stability is expected early in January by decision of the U.S. Government to support the dollar.

The AWC said the recession in wool textile market in Japan, with Nagoya wool yarn remaining well below recent costs and yarns still above the desired

DRE LINSEED

BUENOS AIRES, Feb. 13. Argentine linseed output may reach 600,000 to 700,000 this season, up from the 500,000 forecast by the United Nations Food and Agriculture Organisation (FAO). As the weather became drier in Buenos Aires province, resumed normal growth the average expected yield harvest also improved.

Copper market confused over output cuts plan

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER PRICES fell back on the London Metal Exchange yesterday following increased doubts about plans by exporting countries to cut production. Talks between representatives of Peru, Zambia and Zaire were due to continue this week to finalise plans for a 15 per cent production cut. But on Friday evening, Peru indicated that it was not in favour of a reduction after a 10 per cent cut in 1977.

There is, therefore, considerable confusion. It is known that Zambia is strongly in favour of a reduction in output because its mines are suffering considerable losses at the present level of prices. Zaire is in a similar situation.

However, Chile made it quite plain at the CIPEC meeting in Jakarta last December that with its lower cost structure it was opposed to a production cutback while in the middle of expanding output overall.

Peru, which has also embarked on a mine expansion programme, agreed to production cuts in principle. But it is believed to be prepared to implement them only if Chile also reduces output and if the cuts take into account planned expansion.

It is argued that the Zambians are the driving force behind the plan because they have been forced to reduce output in any event by production problems and their high-cost structure.

Nevertheless, there is no doubt that pressure for some means of pushing up copper prices to remunerative levels is building, and production cutbacks are the logical way to reduce the heavy surplus at present depressing the market.

On the metal exchange yesterday cash wirebars closed 28.75 lower at \$835.75 a tonne, losing most of Friday's gains. But once the initial profit-taking sales were absorbed, the market showed a steadier trend.

As expected, copper stocks in LME warehouses fell by 4,400 tonnes to 631,825 tonnes. This was the third successive weekly decline in stocks.

The steady trend in copper in afternoon trading helped limit losses in other metals too. Tin stocks also fell for the third week in succession with a

decline of 80 tonnes cutting total holdings to 4,110 tonnes. Cash tin closed \$25.25 down at \$8,302.50 a tonne, retaining its premium over the three months quotation.

The market is uneasily awaiting the U.S. Congressmen's hearings this week on the Carter Administration's proposals to 20,000 tonnes of stockpiled tin to contribute to the buffer stock of the International Tin Agreement.

The Washington hearings are expected to give further clues on the U.S. overall stockpile release policy.

Norfolk confirmed yesterday it had cut its official European zinc producer price by \$50 to \$550 a tonne. This follows similar reductions by other producers, including Preussag, who are also cutting production. Cash zinc in fact closed slightly higher, following some further borrowing (buying cash and selling forward). Lead values, however, continued to ease on speculative selling pressure.

Lead stocks rose by 1,130 to 64,500 tonnes, while cash fell by 600 to 64,400 tonnes. LME silver rose 10 to 19,410,000 ounces.

Southern Hemisphere crops to be harvested this spring, and on tree crops harvested throughout the year.

The predicted rise in 1978 output would make much larger supplies of oilseed products available for export, even given the need for exporters to replenish depleted stocks.

World consumption of fats and oil, the group forecast, may increase moderately in line with the long-term trend of 3 per cent per year. However, consumption of protein meals, spurred by larger livestock numbers, lower feed prices and reduced protein meal prices, should show above-average growth.

Given present supply prospects, which also include the likelihood of large oilseed production again in 1978, prices of most fats, oils and protein meals are currently 10-15 per cent under their 1977 averages. The group added that unless supply prospects diminished sharply in the coming months, or a large and unexpected demand emerged from the USSR or China, any marked or lasting recovery in international prices seemed unlikely.

Meanwhile in Brazil estimates of the soyabean crop in Parana, the second biggest producing state, have been cut by 15 per cent because of the dry weather. The foreign trade department of the Bank of Brazil is to meet this week for a general review of marketing prospects for the 1977-78 season (October-September).

World end-of-season stocks of soyabean and soyabean meal will rise by 10 per cent, or 4.3m. tonnes over last season's level to 47.3m. tonnes. Total world usage is expected to increase by just under 4.0m. tonnes to 47.2m. tonnes.

The present season's world soyabean yield is put at 75.0m. tonnes against only 61.6m. a year earlier.

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Ivory Coast cocoa crop estimated

PARIS, Feb. 13

FRENCH TRADE sources said they estimate total 1977-78 Ivory Coast cocoa production (including second crop) at between 270,000 and 300,000 tonnes. In 1976-77 production amounted to about 240,000 tonnes.

Estimates in the amount of cocoa smuggled from Ghana this season largely account for the 30,000 range.

In Accra meanwhile, the Ghana Cocoa Marketing Board said cumulative purchases to date for the 1977-78 main crop amounted to 294,562 tonnes.

In its previous statement, the Board said it estimated cumulative purchases to February 6 at 178,545 tonnes. Malabar purchases commenced October 1, 1977.

Last season main crop purchases started on September 30, 1976 and by the end of the 19th week (ended February 10) the cumulative figure had reached 300,132 tonnes.

Nigeria's 1977-78 cocoa crop is estimated at between 200,000 and 220,000 tonnes, against the previous year's 170,000 according to a U.S. Agriculture Department dispatch from Lagos, Reuter.

Mexico denies Brazil call for coffee curbs

MEXICO CITY, Feb. 13

SR. DANIEL MORALES, commercial director of the Mexican Coffee Institute, has denied a market rumour that Sr. Camillo Calzadilla, the Brazilian Coffee Institute president had asked Mexico to restrict coffee exports, including Mexico, to hold back sales for three to five weeks because of low prices.

"We have made no agreements of this sort, although of course we are trying to organise ourselves in the best possible way," Sr. Morales said.

But he added: "I must stress that we in Mexico as well as Guatemala and El Salvador, support Brazil's marketing policies 100 per cent."

He said a meeting this week in Mexico with representatives of the Ecuatorian and Guatemalan coffee authorities established that Mexican coffee export availability this year will not exceed 2m. 80 kilo bags. Last year's exports were 1,947,000 bags, Reuter.

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EEC AGRICULTURAL PRICES

Pampered farmers... misled Ministers

BY CHRISTOPHER PARKES

FARMERS in the European Community have been pampered and have grown inflexible under the protection of the Common Agricultural Policy. The Farm Ministers of the Nine, too, have allowed themselves to be led into believing that farm prices cannot be reduced, while cuts in commodity prices are commonplace in the world outside the EEC.

All this will have to change if the CAP is to develop, according to Prof. T. E. Josling, former holder of the chair in agricultural economics at Reading University, who leaves Britain within the next few days for Stanford University, California.

Prof. Josling told a Press conference in London yesterday that over a period the "common" level of prices for cereals, beef, dairy products and sugar would have to be brought down to the level of the rest of the world.

There was nothing unusual about this, Mr. Christopher Josling, a senior lecturer in the Ministry of Agriculture, who presided over the progressive reduction of key British farm prices for a period of about five years, Prof. Josling pointed out.

Prof. Josling, one of the more vocal members of agriculture's academic fringe, was introducing a report on EEC farm price policy prepared by himself with Mr. Christopher Ritsen, a colleague from Reading University, and two notable farming academics from West Germany, Theodor Heidhues and Stefan Tangermann.

The paper itself is concerned mainly with the operations of the CAP and the merits of the monetary compensatory amounts which have been largely responsible for holding the whole policy together.

The authors conclude that in spite of the piecemeal way in which the CAP has been developed, MCA system has been developed, it appears remarkably well suited to the requirements of the agricultural policy at the present time.

They come out broadly in favour of "common" prices for agricultural products as one of the EEC's longer-term goals. But "European farmers are

pampered. They do not seem to be prepared to make the sort of adjustments to their farming practices that others have," he commented.

"If you get the prices right any policy will be manageable. If you get the prices wrong no system is going to work, even bringing in production quotas on this commodity, intervention buying on another and you are still going to be in a mess. As soon as you solve one problem another crops up."

He believed that the "common" prices for some key commodities were as much as 30 per cent higher than necessary.

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before there can be any question of a return to the practical application of such a standard, a decision had to be made on the best level at which the present array of national prices could converge.

Prof. Josling's personal position was quite plain. He was eager for the German Government to accept that their "high price" policy was too high to be applied in all Nine member States and was already causing great difficulties for other EEC countries in a less robust economic state.

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Costly cures for Mediterranean ills

BY CHRIS SHERWELL

One statistic on the sewage problem quoted by the United Nations Environment Programme is that someone taking a swim in the Mediterranean has a one in seven chance of catching a disease

THE MEDITERRANEAN countries face a dilemma. They can either watch pollution of their sea disrupt the lives of some 100m. people living in the area, or they can try to take corrective action so expensive that the disruption might be worse.

Until January, all but one of the 18 states on the Mediterranean concerned with the issue (the absence is Albania) appeared to have chosen the second alternative. Then, at a meeting in Monte Carlo, they failed to agree on a crucial stage of their strategy. The effect has been to delay their plans and, unless they can fashion some sort of compromise, perhaps even nullify them altogether.

The failure to agree can be explained in a word: money. Doing nothing about the pollution of the Mediterranean would be costly enough in terms of reduced tourism, increased incidence of diseases such as cholera, dysentery, typhoid, and hepatitis, and contaminated marine life. But the cost over 10 to 20 years of combating pollution in the coastal areas alone is put, not at millions but billions of dollars.

Such calculations are inevitably full of uncertainties, as the international agencies which produce them would acknowledge. Equally, it is uncertain precisely where the costs would fall, even allowing for a well-

aimed application of the so-called "polluter pays" principle. Changed economics of production can be expected to affect industrialists, workers and consumers.

What no one disputes is that the Mediterranean is sick. Some have claimed, rather dramatically, that it is actually dying. For officials of the United Nations Environment Programme (UNEP), which is supposed to co-ordinate the Mediterranean strategy, the question is whether the illness which has afflicted parts of the Mediterranean for centuries is now becoming so widespread as to be incurable.

The coastal populations which have grown so markedly over the past two decades are one cause of the problem. The growth of towns, boosted by tourism, together with post-war industrial growth, have both taken their toll. The result is that untreated or inadequately treated sewage from well over 100 coastal towns pours into the Mediterranean. So does effluent from refineries, from chemical and steel plants, from textiles and leather and food

processing works, and from thermal power stations. The amounts of waste are all expected to increase.

One statistic on the sewage problem quoted by UNEP is that a swimmer in the Mediterranean has a one-in-seven chance of catching a disease. Maps of contaminated resorts speak for themselves. Health risks caused the closure of 32 out of 80 beaches at Genoa in 1974. One mile of Tel Aviv's nine miles of beaches was closed in 1976.

Chemicals

On top of this the number of factories along the Mediterranean coastline increases by thousands each year. Most of the polluting works are on the northern shore. They discharge an estimated 115,000 tons of oil into the sea each year. Added to this there are chemical pollutants carried from inland, by river, and by wind and rain. To many, they are the real problem. According to one calculation 80-85 per cent. of the pollution of the Mediterranean

derives from sources upstream. France and Italy are the two biggest polluters of this kind, the Po and Rhone being the major offending rivers. The Rhone is said to release into the Mediterranean each year 30,000 tons of petroleum hydrocarbons, 500 tons of pesticides, 700 tons of phenols, 1,250 tons of detergents and 24,000 tons of organic pollution.

The atmosphere provides the chief pathway for lead, mercury, DDT and polychlorinated biphenyls (PCBs) into the Mediterranean. Metals like lead, mercury and cadmium threaten fisheries. Many species of fish, for example the tuna, contain mercury at higher than acceptable levels.

Offshore the Mediterranean as a whole is in surprisingly good condition. Its size and depth, its ability to replenish itself and mix relatively rapidly, and its paucity of nutrients, all conspire to put well over half the sea at no immediate risk. At certain places, however, things are different. Some 320,000 tons of hydrocarbons are dumped each year from tankers and refineries,

mostly off the shores of the richer countries in the north-west Mediterranean. The Mediterranean forms only 1 per cent. of the world's oceans, but has 50 per cent. of its floating oil and tar.

Offshore drilling for oils and minerals pose another threat. Thermal power stations, on the other hand, at least offer a prospect of fish farming to be set against the effects of their discharges.

Measured against all this, the achievements of UNEP's Mediterranean programme so far seem slim. A productive three-year marine research and monitoring programme is to end this year. With the results of a survey of pollutants of land-based sources it should yield a much-needed profile of where the pollution is, and how much.

Establishing the conditions of the sea does not entail agreement on what constitutes "pollution on marine pollution from land-based sources, and the 1976 European Commission directive in one part of the Mediterranean may be deemed unsuitable for on land sourced pollution—moderate the pollutant. Pollu-

tion, after all, is a matter of degree.

Pollution is an international problem demanding an international solution. Many people count it as one of the great successes of the Mediterranean programme that countries at odds with each other—Greece and Turkey, Egypt and Israel, for example—should have sat down together to talk of co-ordinating domestic policies. It is a concrete achievement that some forms of pollution are now banned altogether. An umbrella convention agreed by Mediterranean countries in Barcelona in 1976, which became international law this week, carried two protocols on the prevention of pollution by dumping and on co-operation in a pollution emergency.

The Monte Carlo meeting in January was supposed to add to this further by putting some finishing touches to a protocol on the all-important land-based sources of pollution, thus rounding off a series of meetings begun in Athens and Venice last year.

The precedents elsewhere in this sphere—the Paris Convention on marine pollution from land-based sources, and the 1976 European Commission directive—may be deemed unsuitable for on land sourced pollution—moderate the pollutant. Pollu-



Dr. Stjepan Keckes—the Yugoslav marine scientist in charge of the UN's Mediterranean action plan.

occasionally bitter debate within who runs UNEP's Mediterranean Community which has never been satisfactorily resolved. Both envisaged "black lists" and "grey lists" of dangerous substances, classified on the basis of toxicity, persistence and accumulation. The idea was to reduce pollution by "black list" substances—mercury, cadmium and their compounds, for example—to harmless levels.

The Paris Convention wanted them eliminated altogether. Some of the Nine wanted the EEC directive to prevent the discharge of dumping of such substances altogether. Others wanted allowance made for the absorptive capacity of the environment with "grey list" substances being subject to less strict controls.

These complications were hardly conducive to agreement at Monte Carlo. But worries about costs were the greater obstacle. The 17 states at Monte Carlo split between developed and developing countries. To developing countries, anti-pollution policies look like a costly constraint on development, designed to deal with problems they have not caused. These countries are also concerned that any Mediterranean treaty will in effect oblige them to buy anti-pollution equipment from developed countries, reinforcing the dependence they wish to escape, and draining further their meagre foreign exchange reserves.

The Yugoslav marine scientist vanished altogether.

Failure

Yet the failure to agree marks more than a mere hiatus in the three-year-old programme. After the smooth strides made hitherto, it was a sharp reminder of why an agreement may in the end prove extremely difficult to achieve. Further meetings are scheduled, but delay of up to a year in the original programme is now likely. A signed treaty now looks impossible before the end of 1979.

Beyond this there are UNEP ambitions elsewhere. They extend to the Caribbean, the Gulf, the Red Sea and other large stretches of water. Meetings have taken place or are planned for all these areas. UNEP's overall aim is to implement an action plan by 1982. The Monte Carlo experience now makes that target look over-optimistic. The bright aspect is that the prospect of an agreement in the Mediterranean has not

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FINANCIAL TIMES SURVEY

Tuesday February 14 1978

The Midlands

Caution
the
ce of
covery

Arthur Smith
Correspondent

OF AN upturn in economic activity in the Midlands has been apparent for some time, but confidence is still lacking in the region. The Midlands is still a long way from the recovery of the early 1970s. Certainly the business has improved with the region's success in holding on to its jobs, but there are no indications that it will have any significant impact on investment and employment. The region's high proportion of manufacturing industry and its image of a "brash" city has emerged from a somewhat chastened employment level. It is below the national average in its downturn which has seen a number of "jobless" regions. Records and witnesses of financial disasters in the Midlands, such as the Leyland, have left a bitter taste. The region's industrial base is stretched across the country, from the north to the south, and the Midlands is the heart of the country. The region's industrial base is stretched across the country, from the north to the south, and the Midlands is the heart of the country.

West, people of the Midlands tend to relate more to their own locality, whether the Potteries, the Black Country, the Birmingham-Corby conurbation, or the commercial centres of Leicester and Nottingham.

Unlike the West Midlands with its concentration on the automotive industry, the Eastern half of the region can claim a more broadly-based economy embracing not only one of the most prosperous agricultural areas in Europe, but also one of the most efficient coalfields. Discovery of new reserves in the Vale of Belvoir will add to the importance of Midlands collieries, which already rank as U.K. leaders in output, productivity and profitability.

The region's stake in the energy industries is underlined by the ring of modern coal-fired power stations along the Trent valley which provides nearly 20 per cent. of the nation's generating capacity.

But it is the automotive industry, and British Leyland in particular, that prompts most discussion in the region. The rate at which the cars group is turning out vehicles can have a marked effect upon the whole pace of economic activity not only within the Birmingham conurbation but beyond. Component suppliers and the supporting engineering and metal trades have already made efforts to diversify away from reliance upon Leyland, and to raise export sales.

Output

News that Mr. Michael Edwards, the new chairman of British Leyland, had cut output by 30 per cent. for the current year by 30 per cent. from the more than 1m. vehicles projected under the original Ryder regime plan caused little surprise within the components sector. Most companies had anticipated such a move.

Of more significance are Mr. Edwards' forecasts for the years up to 1983 which suggest Leyland will achieve only an

Over the past year industrial activity in the Midlands has improved, but there is still excess capacity in many sectors and no great confidence about new investment.

average 25 per cent. share of the U.K. market and an annual output of around 800,000 vehicles—projections which offer little prospect of growth for the suppliers.

The foundry industry remains unsure how much work it will pick up even if Mr. Edwards goes ahead with the expected decision to cut Leyland's £110m. foundry modernisation and expansion programme. The main casualties are expected to be plans for a new ferrous foundry, at Wellingborough, and an aluminium plant, at Leeds.

The inevitable re-phasing of investment programmes which must follow Mr. Edwards' review of capital spending will have an impact upon the region. However, consolation can be taken from the fact that the go-ahead has been given for the £250m. project to produce a new small car at Longbridge, Birmingham, during 1980. Priority has also been given to the new middle range car, scheduled for Cowley, Oxford, in 1982; expenditure on this replacement for the Allegro and Marina models is expected to be well over £300m, and much of it will be incurred in the Midlands.

The Midlands machine tool industry, which has passed through its deepest post war recession and is still working at only around 80 per cent. capacity, has received assurances from Leyland of spending of between £50m. and £60m. in each of the years up to 1982.

Of Leyland's problems, the issue which has excited most controversy is that of redundan-

cies. Mr. Edwards has announced he is looking for a loss of at least 12,500 jobs this year. Given the low morale within the company and the high labour turnover, there is no reason why such a shakeout could not be achieved through voluntary redundancies and natural wastage. The impact upon local unemployment levels will be minimal and it should be remembered that Leyland lost around 17,000 workers during a similar exercise in 1975.

Decision

There is some good news for the Midlands motor industry with the decision by Chrysler U.K. to produce its new mini car, originally scheduled for Linwood, Scotland, at Coventry. The front wheel drive car should go into production at the Ryton plant next year and may serve the whole Europe market. Output is likely to be perhaps treble the 800 Alpines currently produced. Introduction of a night shift and additional recruitment would take the Leyton labour force back to the levels preceding the 1975 financial collapse.

Unemployment levels throughout the Midlands are expected to remain fairly stable over the next 12 months. One black spot is likely to be Corby, where British Steel Corporation, the principal employer, is hoping to shed around 1,200 jobs.

The latest survey of business intentions conducted by the West Midlands Chambers of Commerce, though more optimistic about orders and profitability, indicated that few com-

panies were considering taking on new labour. The shortage of skilled workers, which has been a feature of the Midlands economy even during the recession, continues; but few firms report that it poses a constraint upon production.

There is still widespread industrial spare capacity throughout the region but the pattern is mixed. Many companies which experienced a steady expansion of output of between 3 and 5 per cent. last year expect the trend to continue. Sectors performing well include ceramics, motor components, and diesel engines. Industries, such as carpets, textiles and footwear, hit hard by recession are showing signs of recovery.

The capital goods and heavy engineering sectors anticipate only marginal growth in the current year. Manufacturers of consumer products, with the exception of motor vehicles, take a similar view and hold out little hope that even a tax-cutting Budget from the Chancellor will provide much improvement.

Mr. Eric Swainson, managing director of Imperial Metal Industries and chairman of the West Midlands region of the Confederation of British Industry, maintains that there is lack of confidence about the outlook for U.K. demand. He also points to the slow growth of the international economy as an important restraint upon exports.

Midlands companies enjoyed particular success in overseas markets last year, but expect the rate of growth to slow down. Quality and speed of delivery

are regarded as important as price in meeting international competition.

Against a background of fairly sluggish demand, it is no surprise that companies are still taking a cautious attitude towards new investment. Midlands industry has used the past two years to rationalise production and seek productivity improvements. Much of the investment taking place is not to raise capacity but to replace machinery.

Many companies which have halted investment in order to wait for an improvement in the economy may be forced to spend this year merely to replace worn out machinery. However, even with interest rates at dramatically lower levels than just 12 months ago, banks report that funds are not being taken up.

The role of Government has been important in bringing forward investment and stimulating modernisation. Assistance offered under the 1972 Industry Act has prompted projects in the foundry, machine tool, and clothing industries. Particularly successful was the accelerated investment scheme which has set in motion projects worth £25m. in the East Midlands and £75m. in the West.

But the factor which has had the greatest influence in improving business confidence in recent months is the relative peace on the industrial relations front. Fears of industrial strife and a wage explosion have receded and many employers would admit in private how pleasantly surprised they have been at the tough line taken by the Labour Government.

Most companies have managed to settle within the 10 per cent. pay guidelines laid down by the Government; in negotiating productivity deals employers are looking for genuine improvements and have welcomed the opportunity to introduce incentives into pay schemes. Pay anomalies and the problems of differentials remain but at least there has been sufficient flexibility to prevent any outbreak of damaging disputes.

Midlanders pride themselves that, with their high proportion of manufacturing industry, they are at the sharp end of the economy. For the moment no one is making any bold statements about the future: it is enough that things are a lot better than they were just 12 months ago.



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ENGINEERING IN the Midlands is dominated by British Leyland motor group, both as a customer for component supplies and as a buyer of sophisticated machine tools. It is an accepted fact that the decline of Leyland has weakened the Midlands in both areas. Employment has become more difficult to find, some components companies have come under pressure, and the tooling industry for the motor sector has been in sad decline. These problems have been exacerbated by similar difficulties encountered by Chrysler U.K. This U.S.-owned company has reduced the number of vehicles it makes in the Midlands quite substantially — from

well over 100,000 units a year to about 40,000 — during the reorganisation of its production facilities following the Government rescue package. A large proportion of components going into Chrysler cars to-day are made in France rather than Britain — more than 50 per cent. at present.

Both companies, rescued within a year of each other in 1973-1976, now stand at a cross-roads. Neither has recovered sufficiently to be assured of a healthy future, nor has either yet slumped so far that there can be no hope for the future.

So far both the BL and Chrysler rescues have led to less than was originally hoped in terms of revitalising their areas of influence. Chrysler, for example, has not yet reached the 57 per cent. level of U.K. component buying which was suggested as a target for the end of last year in the rescue agreement. BL's car production is falling between 400,000 and 500,000 units short of the 1.2m. level on which was based the prediction of sales in the rescue document prepared by Lord Ryder.

However, on the positive side both these rescue efforts, with their heavy money commitments, remain intact. Indeed in Chrysler's case some of the planned investment is being

switched to the Midlands away from the group's plant at Lincoln in Scotland. This will put into the arena another medium-range car, based on the successful Alpine model which Chrysler now makes at its Ryton works in Coventry as well as at Poissy in France.

At the same time British Leyland has come through its latest crisis since the change of management at the top with its investment plan more or less intact. There will be some trimming on some projects, but the model line-up identified in the Ryder report has been largely endorsed, meaning that Leyland is committed to production of at least two new models up to 1982, plus several revamps.

Investment in these cars, along with the Land Rover and Range Rover expansion programme, could well amount to about £1bn. over the next five years, virtually all of which will be spent in the Midlands at Longbridge, Birmingham, Cowley, Oxford and Solihull near Coventry, along with their satellite plants. But the question remains whether this will be sufficient to keep Leyland in anything like its present shape and size.

In contrast to three years ago, when the company's inherent

weakness had been highlighted by the dramatic collapse in the market to an all-out crisis, Leyland is now fighting with its back to the wall. It has reached a point, in terms of production and market share, at which another serious hiccup could send it into an irreversible spiral of decline.

This reasoning underlies the message which Mr. Michael Edwards, the new chairman, has been spelling out to the company's workforce and the British public in the last few weeks. He has tried to establish much more realistic targets for Leyland Cars to aim at during the next few years, rather than fighting a losing battle to retain its original size.

Parameters

The main parameters within which Mr. Edwards intends to work are already clear. He is aiming to maintain Leyland's broad base as a manufacturer and specialist car manufacturer, as well as a range of unique four-wheel drive vehicles. For production purposes he will break this conglomerate into smaller units based on three main areas.

One will be for volume cars, made under the Austin/Morris name, another for specialist

vehicles, made under the Jaguar-Rover-Triumph name, and another for components. Some of these companies will also have their own sub-groups. Components, for example, will have a Pressed Steel Fisher division for bodywork manufacturing, and JET will have a unit for Land Rover and Range Rover production.

Each of these groups will have full profit responsibility, with control over its own marketing and production engineering. Edwards has tried to give the managing directors as much authority within their own separate domains as possible. But at the same time there will be some central co-ordinating functions under the control of a new main-board executive vice-chairman (Edwards himself at present), whose job it will be to look after the whole of the car interests.

These centralised functions include industrial relations, advanced engineering, and franchising. Leyland will continue to have two main franchises, one for all cars up to the Rover and the other for additions to the line such as the Jaguar, four-wheel drive and Sherpa ranges.

These moves have created a structure more similar to that of General Motors than of Ford,

which is much more highly centralised. But the question now is whether this will reinvigorate the Leyland management. Some extremely difficult problems remain to be sorted out. Edwards has already stated that the company must shed about 12,500 workers this year, and there must be many more jobs which will have to go as well.

Decisions also have to be made on the structure of the production units within Leyland. Several of the smaller component manufacturing units do not appear to be economic on the basis of their high overheads, and there is a case for closing them down. Question marks also hang over the assembly works at Speke in Liverpool and at Abingdon where the MG is made.

At the same time as solving these difficulties Leyland has to make some impression on the U.K. market, where its share fell to 21 per cent. in January from an average of 24 per cent. last year. Revamped models are on the way, but the cumulative effect of bad publicity has been very damaging to the company, and ground lost will not be recovered easily.

Chrysler U.K. is similarly pushing hard in the U.K. market, where its image has suffered equally from the effects of bad publicity over the past three years. The Ryton plant, however, has recovered substantially from the effects of the 1975 collapse, during which it lost more than a third of its workforce. It has gained a new Alpine line during the reconstruction, and following an extremely good output record since then, will be receiving another new car next year.

Similarly, the Stoke plant in Coventry is gradually gathering in more work as its activities become more closely linked with Chrysler's needs in France. As two plants which have become closely associated with the front-wheel drive expertise the group has in France, their future seems quite sound — much sounder than anyone would have dared suggest two years ago.

Both Leyland and Chrysler will, of course, continue to walk a tightrope for several years yet. Yet as car sales throughout Europe have shown in the past ten years, there are still plenty of opportunities open to aggressive manufacturers as long as they do not cut their own throats with financial imprudence and labour unrest.

Terry Dodsworth

Peter Cartwright Motor Industry Correspondent

Component imports

LAST YEAR for the first time in over a decade imports of components and accessories began to eat into the lead established by exports. This narrowing of the surplus of exports over imports is expected to continue for at least another year or two, and such a reversal of the previous strong trend has wide implications, especially for the Midlands.

About half the 300,000 or so working in motor industry supply factories are employed in the Midlands, and of those more are to be found in supplying factories than in the assembly plants. Together they represent one in ten of the manufacturing workforce in the region. This high dependency on the automotive industry makes the region's economy susceptible to the kind of major trends now occurring.

This is not to say that the components supply sector is not prospering. Last year shipments overseas rose by a creditable 22 per cent. to £1.84bn. But imports, which in 1976 had registered a massive 43 per cent. increase, went ahead even faster last year by a staggering 66 per cent. to £756m. This meant that the balance of trade came to £84m. last year compared with £390m. in 1976, the first time in recent history the export balance has failed to grow.

The strength of the component and accessory sector has enabled the industry as a whole to show a healthy export surplus and easily to offset the inability of the home car producers to defend their U.K. market against Japanese and European competitors. But it is clear that if the changeover in the balance of trade continues, it will become increasingly difficult, and perhaps impossible, for the industry as a whole to earn £2 abroad for every £1 worth of imported vehicles and parts.

The collapse of British Leyland and Chrysler has handed a substantial share of the market to importers, whose U.K. sales have been running at 40 per cent. of the total. Strikes at assembly plants and in the supply factories last year sliced another 400,000 vehicles off the build — twice as many as did the three-day week. Component suppliers have therefore had to contend with a reduced offtake for home market vehicles and watch the growing internationalisation of car building further reduce the home base potential.

This has resulted in a big increase of imported parts into this country. The Chrysler Alpine is assembled at Coventry from parts that still come mainly from the associated Simca plant near Paris and will continue to do so until the company can meet its commitment of switching 37 per cent. of purchases to U.K. companies. Ford and Vauxhall are also bringing in more parts for assembly here, and while models

like the Allegro, Granada and Capri, which have been transferred for manufacture to the Continent, are made with British parts, it depends very much how you count exports and imports as to where the balance of trade lies.

Imported car registrations last year took 45 per cent. of the 1.3m. U.K. market, and there are well over 3m. foreign cars on the roads, or about one in seven. Only the Japanese (and some of the negligible imports from Eastern Europe) do not incorporate British-made parts. Volvo, one of the first to buy British, has around 35 per cent. content, and leading component makers are supplying all the major European producers with a growing volume. Volkswagen, BMW and others are all stepping up their requirements as multi-sourcing (which also involves U.K. vehicle assemblers buying abroad) spreads.

The Japanese have remained aloof from this trend except in a minor way, like taking Jersey Napwood seat coverings, Lucas headlamps, and manufacturing under Automotive Products and other licences. And there is virtually a nil content at the moment of replacement parts, which represent the more lucrative side of the business. Naturally every car maker does his utmost to follow sales with replacements from the country of origin. But this is breaking down slowly under the influence of do-it-yourself repairs, a growing feature of the after market, in which users are more interested in the price than whether spark plugs are Japanese or go with Datsuns or wiper blades French for Renaults.

The imported car replacement parts market is estimated to be currently worth £350m., but in many instances is not yet big enough for British component suppliers to tool up for some of the more sophisticated items, although this is beginning to happen. The Japanese will also be coming under much heavier pressure to fit batteries, tyres, spark plugs, windscreens and other similar items (Lucas may later fit headlamps over here instead of sending them to Japan) in the U.K.

In one of the most significant moves in the market place British Leyland's Uniparts division has taken a bold decision to extend its range to all imported cars to achieve an extra £5m. turnover this year on top of its present £300m. annually, a third of which follows its own and other British cars into export markets. Some 70 per cent. of the new range will be bought in the country of origin, such as Japan. The division markets 180,000 different spares and is extending its retail outlets here and overseas — 60 shops in Australia alone were recently acquired. When it considers the time right it is planning to make some parts for foreign vehicles, which means that it could be competing head on with some of its suppliers to Austin Morris or Jaguar, who also are waiting for replacement volumes to reach the point where tooling up can be considered seriously.

The continuing success of British suppliers is basically due to assessing the opportunities and exploiting the potential of markets here and overseas well ahead of the opposition. The reworking of components is an example being more widely followed on the Continent, especially in Germany, which has a substantial second-

ary industry dealing with clutches, brakes, shock absorbers and, increasingly, with electric. In contrast the French market is strongly regionalised, and wholesalers are apt to boycott products from other regions, especially if a supplier has (or is trying to create) his own distribution network. There are no national chains in France, and they have existed in Germany for less than 20 years. In Italy the scene is different again, with the tradition of repairing, rather than reworking, still dominant.

Leading British suppliers, many of which, like GKN, Automotive Products, Associated Engineering, Lucas, Wipac, Brembo and others are multi-national, have moved into world markets, and particularly in Europe, to the extent that a third to half the profits are coming from overseas.

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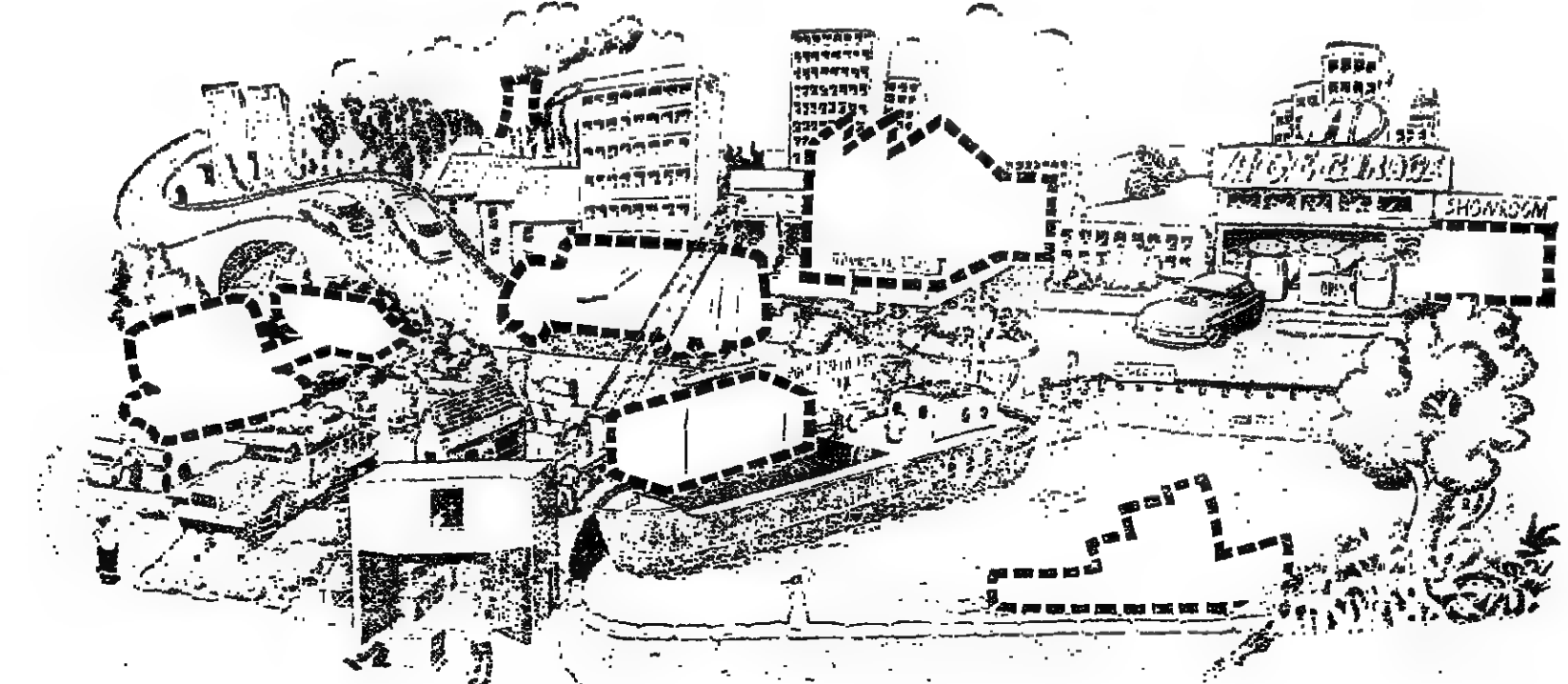
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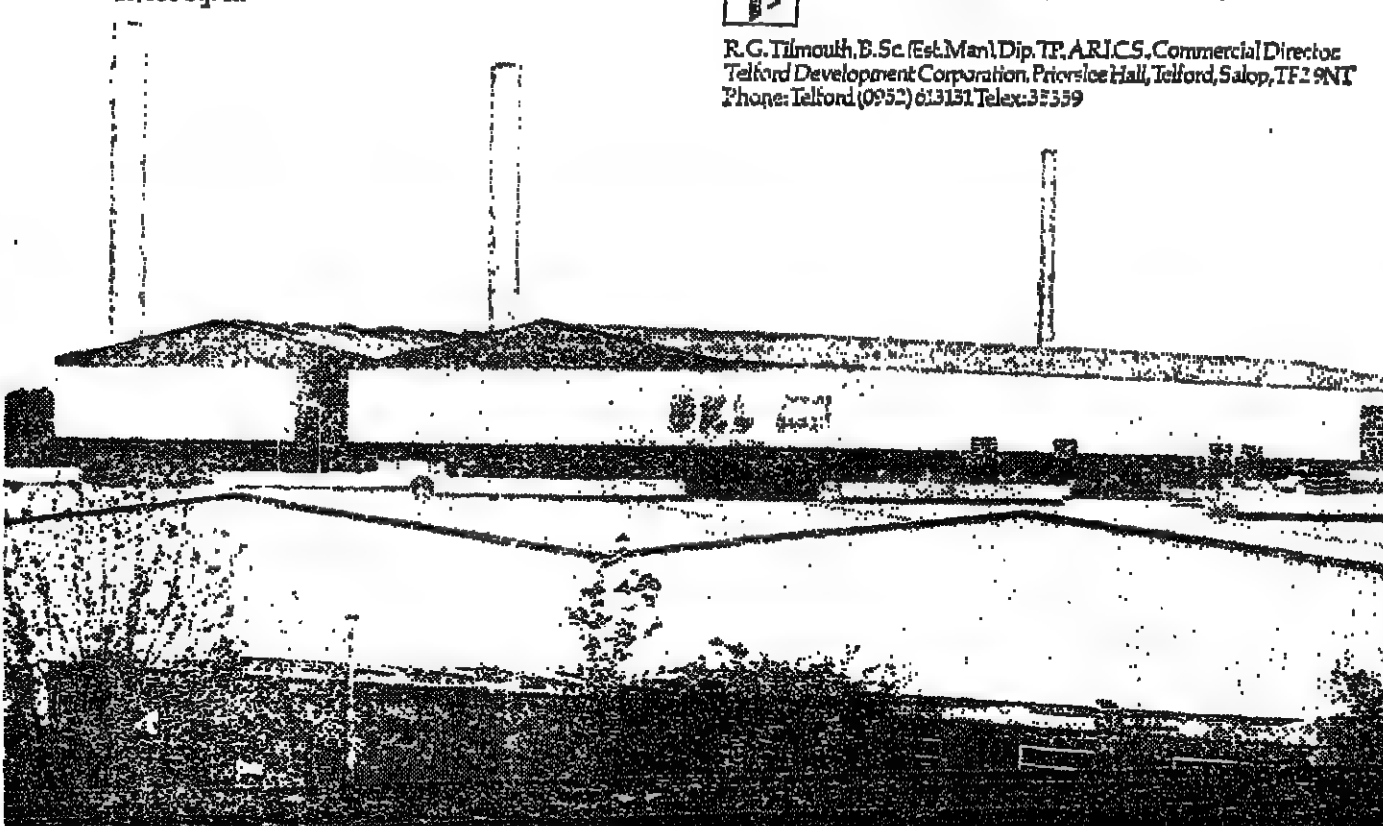
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THE MIDLANDS IV

Delicate investment climate

COMPARED WITH 18 months ago there is now a distinct feeling that a better climate exists for new investment. In this, the Midlands are reflecting trends reported by the most recent Financial Times business opinion survey for the whole of the U.K. The feeling is, however, extremely tentative and needs to be treated with great caution.

The problem about resuscitating investment in the Midlands is that the region has taken such a tremendous pounding over the past four or five years, and this has inevitably destroyed a lot of confidence. Although Rolls-Royce might be said to have overcome its difficulties and Chrysler on the way towards doing so, there remains a lot to be done at both British Leyland and Meriden. On top of this there are now fears that Cadbury will move its tea interests from Birmingham to Chester.

All these, and in particular British Leyland's problems, have had a cumulative effect on the climate for investment, making it that much more difficult for the area to climb out of the slump. But there are indicators pointing in a hopeful direction. The West Midlands economically, much after than group of chambers of commerce, in their December quarterly survey, showed that 28 per cent of firms had revised their investment plans upwards for new plant and machinery over the next 12 months compared with only 23 per cent that had done

Corollary

In other words, what the Midlands is showing is that firms are looking for more output from the same, or even less, labour. This is a natural corollary of the economics of the slump. Nearly every company has de-stocked in order to relieve the pressure on cash flow. The consequence is that companies are, economically, much after than group of chambers of commerce, in their December quarterly survey, showed that 28 per cent of firms had revised their investment plans upwards for new plant and machinery over the next 12 months compared with only 23 per cent that had done

by trying to cut away surplus fat.

The greater response to new plant than to buildings in the chambers of commerce surveys shows that firms are now highly conscious of the need to install the latest machinery that they can. And they are receiving every support possible from the banks. With lending rates lower than they have been for years it is possible to raise money cheaply for new investment. What perturbs the joint-stock banks is that demand for these facilities is just not coming forward in sufficient quantity and the banks are very much under-leant at the moment.

What is tending to happen instead is that firms are approaching their banks seeking an extension of facilities. A company which has an overdraft facility for, say £2m-3m, will probably seek to push this up to £5m. The intention is to be able to meet contingencies in future rather than spend at the moment.

Other factors limiting new capital spending are the non-availability of new plant and the severe shortage of skilled labour. It is always possible to find plant somewhere and it may be that industrialists are really evading the issue when they cite the difficulty in obtaining new machinery. But there is no doubt that, in the Midlands as elsewhere, there is a desperate shortage of skilled men. This shortage is not just in the large industries such as motors, metal manufacturing and foundries: it extends right down the scale to those industries for which Birmingham has been world famous—jewellery, silversmiths—and which comprise a large number of small firms.

There are hopes that the Government's change of heart over inner-city development might have some beneficial

SELECTIVE FINANCIAL ASSISTANCE TO THE WEST MIDLANDS (31 DEC. 1977)

SECTION 8, INDUSTRY ACT 1972

	Number of offers		WM as a % of GB	Value of offers		WM as a % of GB	Total project cost	
	WM	GB		WM \$000	GB \$000		WM \$m.	GB \$m.
Accelerated projects	23	116	24.1	5,778	84,902	10.3	79.4	840.4
Selective investment	8	28	28.6	2,145	19,726	10.9	17.6	198.1
Wool textile	3	111	1.0	261	17,104	1.5	1.4	24.1
Machine tool	26	99	26.3	1,478	10,344	14.3	7.5	55.1
Ferrous foundry	67	276	24.3	13,916	54,664	25.5	43.9	246.1
Non-ferrous foundry	11	31	35.5	1,096	2,479	44.2	4.8	10.1
Red meat	6	39	15.4	493	2,461	20.0	5.1	13.4
Clothing industry	16	285	5.6	268	3,592	7.4	0.5	1.4
*Paper and board		31						
Textile machinery	4	11		733	11,039	—	3.5	34.1
Poultry meat		46						

* Grouped for reasons of confidentiality. Table excludes rescue cases.

effect. The Midlands, with one small exception, receives no regional grants other than those for selective assistance under Section 8 of the 1972 Industry Act. The area has had to compete for new and expanding business against the assisted advantages of South Wales and Merseyside.

As far as selective assistance is concerned, it has managed to do quite well, as the table shows. The West Midlands has gained 44.2 per cent by value of all aid given to the non-ferrous foundry industry and 25.5 per cent of that to the foundry industry. With its concentration of foundries this might not be unexpected, but even under the category of "red meat"—a job effect, improvements to abattoirs—it has won 20 per cent. Other grants, however, are simply not available, and this is why hopes are rising

Local authorities are now joining industry in discussing how the Department of the Environment's inner-city policy might be implemented. A working party of the Birmingham Chamber of Industry has a local government executive in attendance. As a result of the Government's change of emphasis, local authorities can now build advance factories and there is, certainly room in Birmingham on both council land and that owned by British-Rail for and developments to take place. The Government is also helping the cause of new investment by adopting a pragmatic, not say, liberal, approach toward the definition of an inner city. In Birmingham's case Solihull, which is, in fact, an outer part of the city, has been included. Since Solihull has land available, the chances of firms being able to expand in the area have been enhanced.

Nothing will happen, however, until there is a more pronounced pick-up in the economy. Everyone is treating the element of optimism with great caution. There is hard evidence to show that investment is moving ahead, and that it looks as if it is beginning to move. Another year, at least, is needed for any firm to see that.

Anthony Moreton
Regional Affairs Editor

Optimism in property

OVER THE past three years any Midlands property man brave enough to talk cheerfully about business in the region has been dismissed with a wry smile and a reference to the massive regional over-supply of space. But he may now expect a less sceptical audience as 1978 has started on a significantly more optimistic note.

The summer and autumn months of 1977 saw renewed letting demand in all sectors of the market. And although most major cities of the region still have a marked imbalance of supply over demand, the overhang of buildings developed in the early 1970s, and standing embarrassingly empty ever since, is gradually being absorbed.

Industrial property has been leading the way out of recession. In the West Midlands local agents have been talking of a 20 per cent increase in warehouse rents in 1977, pushing prime located modern units around Birmingham into the £1 to £1.25 a square foot range.

Increased letting demand for warehouse, rather than factory units continues to influence new developments. A recent survey by Debenham Tewson and Chinnocks shows that throughout the West Midlands in the ten years from 1966 warehouse space increased by 102 per cent to 109.8m. square feet compared to a 13 per cent increase in factory space, to 416.4m. square feet.

Pressure to alter further the balance of industrial space in favour of warehousing is reflected in the predominance of large warehouse schemes among applications for Industrial Develop-

ment Certificates within the region. But developers are meeting increasing planning resistance to purely warehouse schemes as local authorities become reluctant to zone prime industrial land for low employment use.

This planning reluctance, with its consequent effect upon site costs, could become an increasing problem as letting demand and greater availability of development finance draws out more new building. But for the time being, although some spectacularly large industrial schemes were unveiled last year—particularly in the Birmingham fringe areas—development activity throughout the West Midlands is still at a relatively low ebb.

After a temporary leap in 1976, the number of Industrial Development Certificates granted in 1977 dropped by nearly a third. The letting market in revival has not, therefore, primed a new building boom, and this situation underpins the prospects of further strong industrial rent growth this year.

Pears about the future of British Leyland apart, the industrial conservation that stretches from Birmingham to Coventry has managed to ride out the recession better than most of the rest of the region.

Industrial rents reflect this resilience. Outside the Birmingham-Coventry axis new space ranges up to £1.30 a square foot throughout the West Midlands. The weight of older multi-storey space in the Black Country tends to keep older units below £1 a square foot and there is still little demand for buildings without reasonable motorway access.

Anywhere in the region. Eastwards, relatively modern factory and warehouse space can still be found in Derbyshire for less than £1, and there are plenty of older units on the market for as little as 50p a square foot. Nottingham's M1 links keep smaller new space in the £1.50 a square foot range, with larger units letting at around the £1.20 to £1.80 mark.

Moor of the long standing over-supply of warehouse space in Leicester, has now been taken up, although rents are still down in the 75p to £1 bracket. And in an active Northampton market rents have stabilised at around £1.10 to £1.20 for larger space and 10p to 20p a square foot more for small modern factories.

To the South, motorway connections with the capital gives the Luton/Dunstable area a strong appeal. And Connells recently warned of a prospective shortage of new space by 1979, with rents breaking the £2 barrier by this autumn.

Centres
The market for shop property has been patchy in the East Midlands. The tightly defined prime shopping area of Northampton has proved a problem for investing funds. In a search of provincial shops, and this shortage of prime space is clearly reflected in rents, which topped £17 a square foot for Zone A space in the central area of the town, but dropped to only £3 to £4 a square foot in secondary locations.

Two new centres, the Newpace Centre, Retford, and the Ardsale Centre in Wellingborough, have moved in favour of new buildings over the near-continuous sharply differing markets in the market in the Midlands.

1977, with demand for space in clearly near the worst. The Wellingborough scheme, far outstripping interest in its competitors, allowed to express a little optimism as they anticipate a revival of a regional property market that slumped deeper into the recession than most.

Strong retail demand in Leicester is keeping the local agents happy, with reports of prime rents up by 20 per cent in 1977, and investment demand pressing prime yields down as low as 5.5 per cent. Although the ICI pension funds paid £11.5m. for a stake in Capital and Counties Victoria Centre in Nottingham last year, investment interest in city shops has generally been lukewarm. Prime rents have stabilised around the £15-£20 level for Zone A space.

A rather less sanguine picture is presented by West Midlands shops. Birmingham rents have been held down by lack of retail demand, and local agents report a fall in secondary rents for the second year running.

Most of the major cities in the region are still suffering from an over-supply of office space. But the take-up of space is accelerating, and in Birmingham

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THE MIDLANDS V

Engineering worries

MIDLANDS is hardly been especially active in place that comes to mind organising trade missions to the context of supplying the many parts of the world here - oil industry in the from America to Zambia and Sea and other exploration most of them have built on early beginnings to good effect. Very It is only if you consider the needs of the people living working there that the busi- begins to look a great deal like intricate engineering and equipment and like tennis tables, light hes and pots and pans. ere are, in fact, more than active suppliers in the Mid- of goods ranging from the omplace to the technically iticated. Altogether the ofment of industry office in ingham has handled more 1,600 enquiries from firms nd small trying to get into market. The Department self stimulated a lot of enquiries over the last years by holding more 600 information sessions ous parts of the region. yping offshore needs has ed one of the brighter in an otherwise dull canvas any engineering and con- goods makers. Among a range of products are big mpressors from Birming- medical equipment from ick, titanium anodes from rhampton, castaluges Coventry, diesel engines Shrewsbury, electrical boards and hospital equip- from Birmingham, metal ing processes from Dudley, ofing systems from Smeth- sonar equipment for And- dersea pipelines, corrosive ant piping, as well as the tennis tables, souvenirs from the Stourbridge glass holding a globe of oil, other everyday para- alla.

other market which has d to offset the lack of s in the home market has the Middle East, which een responsible for a good companies entering the t field for the first time, nds architects, builders, als suppliers, educational hospital equipment, valve s and pipe manufacturers, e component and air con- g producers, and not for- the ice cream maker who regular run to Iran, have en glad of the extra turn- for the engineering indus- are still waiting for the n. as been a fairly flat time e majority of them, at- conversion value of almost h it is necessary to qualify uite extensively according Moreover, it is one of the very company's standing in few industries, probably the markets. Plenty of in- only one, whose main sector, in s can be found of com- this case tableware which s having improved their accounts for about 60 per cent. t performance, especially of exports, is working overtime rich and developing coun- to try to keep up with demand. because of a well known- beautiful and successful. The l the inexperienced to main groupings are as big as overseas markets more any of their kind in the world sively - Birmingham and one or two, like that mak- ber of industry has ing wall-toiles, are the biggest in

Labour

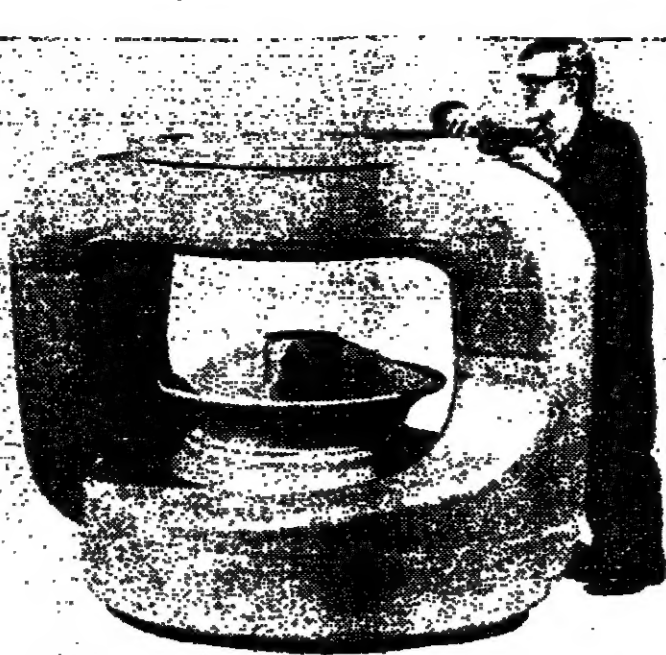
What, frankly, is worrying a lot of Midlands industrialists is the possibility, even the probability, of the money to be released by tax cuts and other incentives to expenditure being poured into consumer durables. In that case it will be of little help, fine enough, of course, for the vehicle and domestic appliances makers, but not exactly what the heavier bat- talions are looking for. There are small signs of improvement, like the increase in job vacan- cies, but this could be in part due to the inability to find skilled workers without whom the less skilled cannot be taken on. There is a chronic shortage of maintenance electricians, welders, fitters, draughtsmen, pattern makers, turners and others involved either in developing new products or keep- ing plant and equipment ticking over. Chrysler, for instance, could put on another shift at the Stoke engine factory if it could recruit sufficient skilled people. So much for the compression of differentials which

has been such a potent dis- courage to spend a few years in acquiring a skill that will not provide much, if any, more than a semi skilled man can earn.

The other human barrier is the Employment Protection Act, which has made everyone, and particularly smaller concerns, chary of taking on labour. What seems to be happening in a lot of instances, where the big companies have a temporary bulge in work schedules (or can't find the skilled workers) some of it is being sub-contracted out to smaller companies.

On the other hand there are some sectors of high technology industries, like aerospace and instrumentation, and many companies with specialist niches that are doing a good deal better than the average, and looking for increasing exports to take turnover to higher levels. While it is a valid criticism that the Midlands has been short of developments in the newer industries like elec- tronics and petrochemicals, it nevertheless has two or three major links with aerospace in Lucas Aerospace, Dowty, Dun- lop Engineering and Smiths Industries.

Lucas, for instance, is heavily involved in secondary flying controls for the A300B Euro- pean airbus and fuel systems for the RB211, which powers the Lockheed Tristar and Boeing 747. Dowty, which makes undercarriages and other hydraulic equipment, as well as flying controls, and Smiths Industries, avionics, are also engaged in these and other collaborative enterprises. Whether present workloads can be sustained depends very much



A 28 cwt. aluminium bronze pump casing from T. M. Birkett, Lillingdon and Newton's foundry at Stoke, for use in offshore oil work.

on decisions which still have to be taken, like the Government's decision over the BAC X-11, which has a direct competitor in the 150-seat Aerospace A200. No one is underestimat- ing the intense competition that has been developing.

Using seasonally adjusted figures, unemployment in the Midlands is seen to have been falling in recent months, and even more encouraging, the number of vacancies has been floating upwards. But when the statistics are broken down into industries, the ebb and flow is only of Mediterranean-like pro-

portions. Vacancies in the vehicles industry group, for instance (where Rover and Chrysler had been recruiting), showed only 400 more jobs available last November than in February 1977. (Industrial action has made more recent comparisons unobtainable.) In metal manufacture the same comparison reveals only 28 more vacancies and only 52 more in mechanical engineering. There may well be, and probably are, more vacancies available than are notified to employment offices, and if a general upturn occurs it will be interesting to see how quickly they will be filled. A substantial proportion are for skilled people of whom there is already a considerable shortage. This could become acute and inhibit expansion.

If this happens it could hit the smaller companies, which are now being invited in out of the cold by the Government. Regionally they provide a third of the manufacturing jobs and comprise 86 per cent. of all companies. The industrial scene in the Midlands is full of apparent anomalies and contradictions with experiences differing according to marketing and management skills, especially overseas, as well as to products. The one unifying factor is the fear that the boom, if it comes, will be channelled into domestic equipment and the like, leaving the machine tool, metal working and general engineering indus- tries stranded.

Peter Cartwright

Prosperity in the Potteries

VERY FEW industries can rival the ceramics manufacturers in the proportion of output ex- ported, which has run consis- tently above 40 per cent. And none excel it in its conversion value of almost 100 per cent. And none excel it in its conversion value of almost 100 per cent. And none excel it in its conversion value of almost 100 per cent.

the world. Success has been to be the second most important of its kind in Europe, strongly challenging the German show. Last year the fair pro- duced about £10m. worth of business for the ceramics industry, and this year should see this comfortably topped.

The buoyancy of overseas markets, and the concerted drive into Europe, which has seen EEC markets collectively overtake the U.S., together with price increases, have enabled the industry to chalk up new records. Last year production is expected to have reached more than £350m. (Final figures are not yet available), with total exports of nearly £140m. These figures compare with £298m. output in 1976 and £119m. exports.

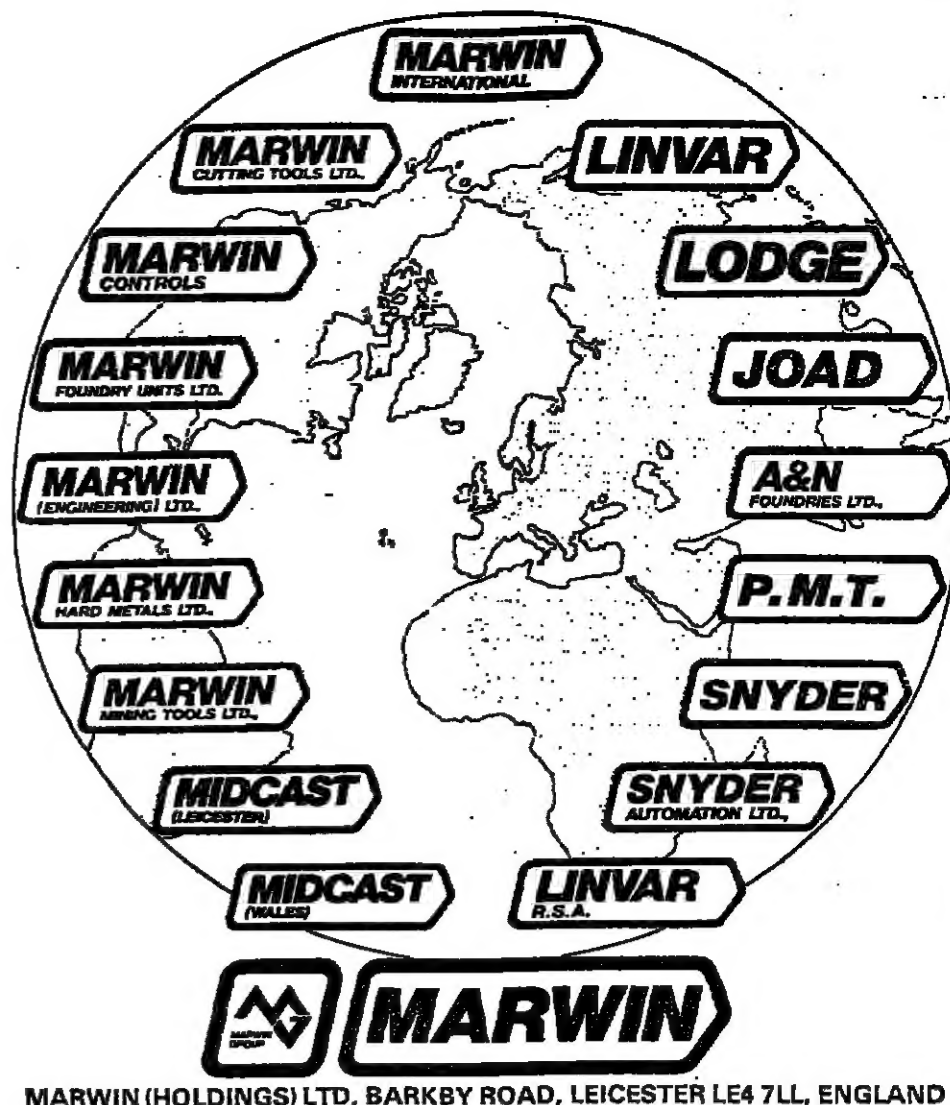
Reversed

This year it will be hard to maintain this momentum. The weakness of the pound and high export demand enabled table- ware and some other makers to charge top prices overseas to counter U.K. price restrictions. A stronger pound and weaker foreign currencies has reversed this trend and it is to be expected that profit margins will be squeezed.

Nevertheless, investment is continuing at a high level and should help to maintain the industry's competitive position. It is difficult to estimate the aggregate of projects within the industry, but informed sources put the current rate at £12m.-£15m., or around 4.5 per cent. of turnover. Wedgwood, which exports 62 per cent. of its products and is working overtime in the fine china and Jasper sections, is about half way through a £10m. modernisation and expansion programme. The capacity of the Barlaston factory, to the south of Stoke-on-Trent, is being raised by one-third, there is a new purpose-built factory for making ceramic transfers, and the sanitary ware factory is being extended. Altogether about 1,000 extra jobs are being created by 1981. The Doulton group, which has 21 factories, has an investment programme of around £5m. a year to bring older factories up to modern conditions, to expand production selectivity and to give greater flexibility. Royal Worcester-Spode is also under- taking a number of projects aimed at consolidating and then expanding the group's interests.

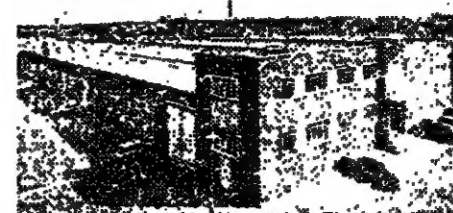
The main aim of these and other programmes is to make more economical use of scarce, highly paid labour and to im- prove quality. Like other indus- tries, the ceramic industry has, felt the impact of equal pay for women, Health and Safety Act, Protection of Employment and other measures which have added to the pay roll without increasing overall efficiency. In some instances they represent a burden not borne by competi- tors overseas, and mechanisa- tion of the less skilled processes is going on apace to offset the effects.

P.C.



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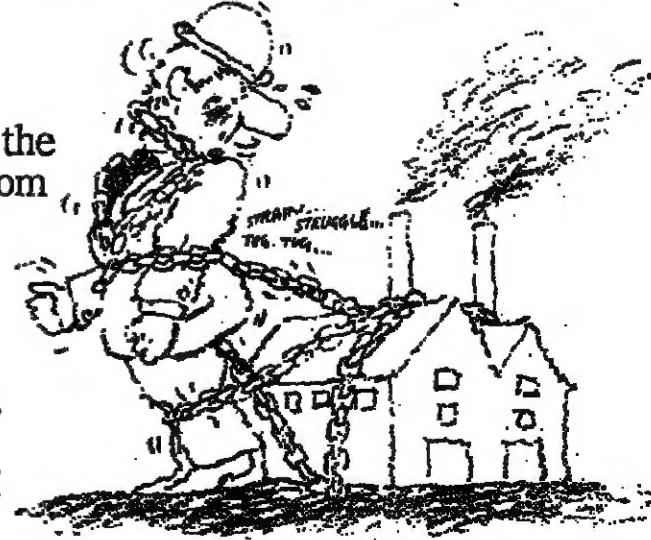
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Spending in shops shows slight fall

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

SPENDING IN shops fell back slightly last month from the high December level, but it remained much stronger than during the rest of last year.

Latest figures suggest that the recovery in consumer demand still falls well short of sustained boom conditions. Reports from the retail trade indicate a possible slackening in the level of sales for the next few weeks, until the time of the Budget in mid-April.

The retail sales volume index in January was 108 (seasonally adjusted, 1971=100), according to the provisional estimate published yesterday by the Department of Trade.

This compares with the revised figure of 107.0 in December, but is more than 2 per cent above the average level last year, and is 11 per cent higher than in January 1977.

It would be wrong to read too much into the slight fall in January, especially as the estimate is subject to later revision. The pick-up in the last two months means that the volume of trade between November and January was 11 per cent higher than in the previous three months.

The Department of Trade says that the rise may have been affected by the backdated reduction in income tax.

Spending in the past couple of months may also have been

RETAIL SALES			
	Volume 1970=100 (seasonally adjusted)	Value per cent change compared with a year earlier (not seasonally adjusted)	
1976 1st	105.9	+14	
2nd	106.9	+12	
3rd	107.2	+12	
4th	105.9	+14	
1977 1st	103.2	+14	
2nd	102.6	+13	
3rd	104.6	+15	
4th	104.9	+14	
Oct.	103.3	+12	
Nov.	103.5	+11	
Dec.	107.0	+16	
1978 Jan.	108.0*	+13*	

* provisional estimate
Source: Department of Trade

boosted by pre-Christmas business and New Year sales and is higher in real terms than the average level in 1976. Even after the usual seasonal adjustment, the extent of the underlying upturn is not yet clear.

The view of the Retail Consortium is that the volume of sales could weaken this month and in March, after which a sustained increase should develop.

This is partly because some spending power is being held up as a result of the large number

of workers delaying pay settlements.

This should be only a temporary check and an upturn could occur sooner if there is a pre-Budget speculation about a rise in indirect taxes. At present, however, any increase in these taxes, which is still uncertain, looks like being fairly small because of the Government's concern about holding down the rate of price inflation.

Consumer spending is expected to rise strongly from the second quarter onwards under the impact of the sharp recovery in real earnings and further cuts in income tax. Most economists predict an increase in expenditure of between 3 and 5 per cent in real terms in 1978 compared with last year.

It is not yet clear how long it will take for the rise in spending to boost production, in view of the previously high level of industry's stock of finished goods.

A significant part of the increase in spending may also leak out into imports, as has already been happening with cars.

The expected strength of consumer demand and imports later this year, coupled with the evident slackening in the growth of exports, has made some officials more cautious about the size of the inflationary stimulus to be applied in the April budget.

Department may withhold highway payments

BY MICHAEL CASSELL AND ELINOR GOODMAN

THE DEPARTMENT OF Environment may withhold payments to suppliers involved in some highway contracts following yesterday's registration of 33 price rings operated unlawfully in the road surfacing materials industry.

It is understood that the agreements are the first of as many as 1,000 involving road material suppliers which are expected to be placed on the Register of Restrictive Practices within the next few months.

The agreements, which have now been terminated, covered the fixing of prices between suppliers of bitumen. The major purchasers of bitumen are local authorities and central government agencies. Building contractors sometimes act as middle men.

ment insists that companies carrying out highway contracts on its behalf sign a certificate to provide a specific assurance that they have not been involved in any collusion during the tendering process. Some local authorities operate a similar policy.

Yesterday's move by the Office of Fair Trading could open the door for large numbers of customers to seek redress through the courts.

Under the restrictive trade practices legislation, it is unlawful to operate a price ring with out first notifying the OFT. Aggrieved customers can sue for damages through the courts, though in practice it is difficult to establish what would have been a fair price had there been no collusion.

Because the Department of the Environment specifically requests:

an undertaking on all highway contracts that tenders have not been fixed or adjusted by arrangement with any other body or person, the exposure of the pact could also lead to criminal proceedings.

The Department said yesterday that it was reviewing the situation in the light of the OFT move. One option might be for it to withhold payments and to pursue suppliers involved in completed work to see if there was a possibility of civil redress.

The agreements revealed yesterday were mostly in the North and Midlands and involved 14 companies. Among the companies placed on the register were Tarmac Roadstone, Wimpey Asphalt, Tilling Construction Services, Thomas Ward, and Redland Cement Works.

Feature, Page 18

Rheem withdraws Redfearn bid

BY CHRISTINE MOIR

REDFEARN NATIONAL GLASS has just lost one of its three suitors. Yesterday, Rheem International, the U.S. company which made a partial bid for Redfearn last August, suddenly withdrew its offer.

No explanation was offered by Rheem except that it had "gone cold on the idea" of seeking a control of Redfearn, but a meeting with the commission today.

At Redfearn, Mr. D. M. G. Bailey, a director said: "We have gone to great lengths to present our case to the commission and we think we have a very good case. We believe there is a lot of industrial logic to a merger between our company and Redfearn."

The withdrawal of Rheem, however, re-awakens the possibility that Redfearn may remain independent. Of all three bids Rheem's would have been the most difficult to fault on monopoly grounds since Rheem was seeking a fraction over 50 per cent of Redfearn's shares

whereas both Rockware and, presumably, United, are both seeking a total takeover.

Commission which is due to report next month. In the interim, however, the three had re-affirmed their interest.

Yesterday, both Rockware and United Glass claimed their offers still stand. United Glass said: "There is a reference in progress in which we are participating fully. We had a meeting with the commission today."

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New oil tanker safety rules

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

ALL CRUDE oil tankers over 40,000 deadweight tons will have to use either a clean or segregated ballast system or be fitted with special crude-oil washing facilities under the terms of a package likely to be accepted by a tanker safety conference in London.

The package, which represents a compromise between American demands for compulsory segregated ballast and the British case for crude oil washing systems as an alternative for vessels over 70,000 dwt, is expected to go to committee to a plenary session of the International Maritime Organisation in March.

Although the agreement represents a big success for Britain, Japan, Holland and their allies in heading off an American scheme which it was said would have put up the price of seaborne oil by 2 per cent, there will be some reservations in the U.K. tanker industry about the compromise on tankage.

Segregated or clean ballast (the former involves building in special seawater ballast tanks, the latter simply reserving certain oil cargo tanks for exclusive ballast use) will be compulsory for existing petroleum product

carriers over 40,000 dwt from the date the protocol is accepted. The package now before the conference proposes that this should be from June 1981.

An original American requirement for double-bottoms in all tankers over 20,000 dwt has now been modified to a requirement that segregated ballast tanks, where they are installed, should be placed in a position which gives maximum protection against an oil spill in the event of collision or grounding.

The details of the proposal are: All new crude carriers over 20,000 dwt to have segregated ballast tanks and crude oil washing facilities plus an inert gas system to prevent explosions during tank cleaning.

New product carriers over 30,000 dwt to have segregated ballast tanks and all over 20,000 dwt to have inert gas. Both these items to be effective for vessels ordered from June next year.

Existing crude carriers over 40,000 dwt to have clean or segregated ballast or washing facilities from June 1981 with clean ballast ceasing to be an option for 70,000 plus vessels in June 1983 and for 40,000 plus vessels in 1985. Inert gas for all crude tankers over 70,000 dwt after

1983 and after 1985 for 40,000 dwt plus vessels.

Existing product carriers over 40,000 dwt to have clean or segregated ballast from June 1981.

It would give authors extra payments when libraries bought their books, as against recent proposals to set up a loans-based deal in libraries for authors.

"Frankly, the end result would be more clearly equitable," Mr. Ellis Hillman, chairman of the Association of the Arts and Recreation Committee, said yesterday.

The more popular an author's work, the more copies of each book would be bought. But at the same time, the authors of worthy but less frequently borrowed books would also be assisted.

State industries likely to follow contracts policy

BY RICHARD EVANS, LOBBY EDITOR

MINISTERS are now confident that virtually all nationalised industries and some local authorities will follow the Government's example and operate contract clauses with private industry to force observance of the 10 per cent pay guidelines.

This emerged last night following information from Mr. Denis Healey, Chancellor of the Exchequer in the Commons that the Government intended to invite all nationalised take-overs of the "blacklist" when negotiating public sector contracts.

No decision has yet been taken on whether to issue a formal invitation to local authorities to do so. Ministers acknowledge that Conservative-controlled authorities would be unlikely to comply but hope that those controlled by Labour will do so as a matter of course.

Sanctions

The extension of the Government's sanctions policy into the public sector, underlines the Chancellor's determination to do what he can to get the inflation rate down to around 7 per cent by the early summer and to maintain that level for the remainder of the year.

Any increase in inflation in the summer or early autumn would severely damage Mr. Callaghan's prospect of calling a general election in October, and Conservative MPs believe that this is a major factor in the moderate pay increases by "going soft" when it came to taking action to make sure the moderation continued.

Sir Geoffrey, in his attack on the Government's admission of the "blacklist" condemned the arbitrary use of economic sanctions against companies and workers who had negotiated pay settlements beyond a rigid limit which Parliament had not approved. He demanded to know when the 10 per cent, average limit had turned into a rigid limit and by what authority this had been done.

hoped there could be more flexibility.

But it became impossible to achieve the central objective of an increase in average national earnings of below 10 per cent, while still allowing some settlements significantly above that figure.

There was also a clear indication from the Chancellor that similar clauses on pay guidelines would be inserted into contracts negotiated under any future pay policy. "It would be quite ridiculous to confine the operation of the pay clauses to the particular year, in which the contract was signed," he said.

Mr. Healey although scathing about the "irresponsible and desperate political opportunism" being displayed by the Conservatives, appeared hopeful that the CBI Council would take a "sensible" view, when it meets tomorrow.

Arbitrary

The tone of the Chancellor following the announcement last week of the controversial pay clauses, was totally unrepentant. The Government had no intention, he affirmed, of throwing away, all the benefits of the moderate pay increases by "going soft" when it came to taking action to make sure the moderation continued.

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Parliament Page 12

Barclays considers Saturday opening

BY NICK GARNETT, LABOUR STAFF

BARCLAYS BANK is considering the resumption of Saturday morning opening at some of its branches as part of a programme of changes in opening times which could have widespread repercussions for the other clearing banks.

The bank wants to introduce pilot schemes at some branches, which also involve changes in week-day and evening opening hours. These could then be made permanent if they proved successful.

All the London clearing banks are keeping their opening hours under review, but the Barclays project is meeting stiff union resistance.

In an attempt to negotiate flexibility for the schemes, a productivity deal with very tough strings attached has been put before the staff unions.

The deal, which both the National Union of Bank Employees and the Barclays Group Staff Association have been seeking, would be based on a 5 per cent increase in the number of accounts and transactions and would run from January this year.

In return, Barclays is seeking freedom to "experiment" in

selected branches with opening hours including, with staff approval, Saturday mornings.

The staff bodies would also have to co-operate in cost-saving exercises, including a review of the branch network which could lead to a large number of closures.

The bank is demanding an undertaking from the two staff bodies not to carry out any form of industrial action of any kind for the whole of this year.

In addition, the bank employees' union, which has thrown national negotiating machinery into confusion by announcing its withdrawal, would have to suspend that decision for at least 12 months.

Yesterday the union said that the conditions were completely unacceptable. No case had been made out for Saturday opening or the changing of week-day hours.

The group staff association which is due to discuss the offer today, said that it was not ready to accept the proposal at the moment, but it would be very difficult for staff to accept them.

Barclays said it was aware of the bank union's attitude to the conditions, but talks were continuing.

Alex Park joins Lonrho City HQ

BY TERRY DODSWORTH

MR. ALEX PARK, the former chief executive of British Leyland and the foremost casualty of the recent management shake-up of the company, has joined a U.S. company in Britain at Cummins Engines, and rose to general manager of Rank Xerox in the company's most expansionary phase in the early 1970s.

He joined British Leyland as a director, but after the reorganisation planned by Lord Ryder three years ago, was given the job of chief executive.

The Director of Public Prosecutions has not yet reached a decision on whether to take legal action after the critical Department of Trade report on Lonrho completed in 1976.

A spokesman for the DPP said yesterday that Lonrho had been sent no official communication and in any case no decision had yet been reached.

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Sir George Bolton, deputy chairman of Lonrho, said there had been frequent informal communication between the company and the Department of Trade, and that Lonrho had been told that "there was nothing to worry about."

THE LEX COLUMN

Nottingham cuts a stylish pattern

The gilts market was feeling

twice about the pending trade figures yesterday, and the long tap fell by half a point to £254, just below the level at which it was first operated last week. However, prices picked up a little towards the close.

Nottingham Mfg.

Nottingham Manufacturing has emerged with style from a lean summer for the garment business and a very tough year in the carpet trade. Profits before tax are just over a fifth higher at £18.6m, excluding a £1.4m surplus on the sale of investments (gilts, plus its Wood Bastow holding). Exports have played a part, having risen by very roughly two fifths. The home market performance has also been impressive, considering that after a bright start clothing sales stagnated through most of the year.

In 1978, the trading background should be more favourable. Nottingham is not expecting much of an upturn in consumer spending until after the Budget, but it will feel the change quickly if and when it comes. And it believes that the new Multi-Fibre Arrangement will be of real assistance in stabilising the market at the cheaper end. Knitted outerwear, its speciality, is one of the most restricted categories of imports under the new scheme.

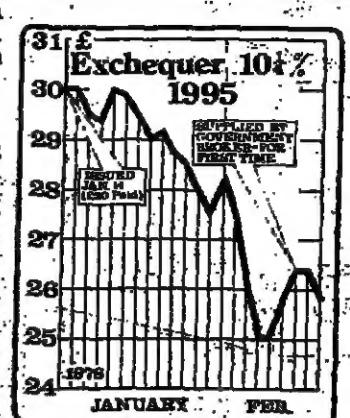
Against this background, the shares have been strong performers in recent months. They closed at 114p yesterday, the highest point for nearly five years. At this level the yield is only 4.3 per cent, and Nottingham does not have the recovery scope of most textile companies. But then other companies do not have its price record, its dividend cover (4 times after a low tax charge) or its cash balances. These amount to well over two-fifths of the market capitalisation of £58m.

South Africa

Time was when the annual visit to the South African subsidiary gave a U.K. company chairman an ideal excuse for an extended trouble-free winter holiday. However, times change and although some U.K. companies are still making handsome returns in South Africa, business and political problems are now taking up more and more of the chairman's time.

Index fell 1.1 to 459.9

Exchequer, 104%



its South African subsidiary to its local directors for £1.1m—the price is equivalent to net asset value, but compares with last year's profits of £0.7m. According to the chairman, there is a "real concern" that South African exchange controls will become more stringent in 1978-79, thus making it increasingly difficult to remit dividends to the U.K.

Small Audits

The news that U.S. accountants are proposing to introduce reviews of accounts for private companies coincides with a debate in the U.K. about whether small companies here should be exempted from the rigours of a full-scale audit. The U.S. proposal, which is on similar lines to practice already common in Canada and Australia, are said to be a direct response to the needs of small companies for different levels of accounting services.

Opinion leaders in the U.K. profession are pressing for similar changes. Instead of an audit, which might not mean much in the case of a private business and a local averaged 1.3 per cent, while accounting firms, the suggestion is that private companies should over 10 per cent. For most U.K. companies South Africa is no longer quite the moneyspinner that it once was and the scars at all.

The pressure for such a change in the U.K. Companies Act is, for the most part, coming from the country's large accounting firms. They do not have to cope with smaller companies and incomplete records. The big accountants believe that the profession's auditing standards will not be seen to be tough enough if they have to embrace all types and sizes of companies. Hence the review proposal.

However, there are big differences between the situation in the U.K. and countries such as the U.S., Canada and Australia. Statutory audits for all companies have been mandatory in Britain for almost 80 years. They are now accepted part of the business environment, and are a simple price to pay for the privilege of limited liability. The same has never been the case in other countries—even the U.S. still has no statutory requirement for unlisted companies to have audits.

Weather

U.K. TO-DAY

VERY cold with snow and severe frost.

London, Cent. S. and N. England.

Bright spells, scattered snow showers. Max. 20 (36F).

S.E. England, E. Anglia.

Snow at times. Max. -10 (30F).

E. and N.E. England, Borders, Edinburgh, Dundee, Aberdeen, Highlands.

Snow showers. Max. -10 to 10 (30-34F).

S.W. England, S. Wales.

Scattered snow showers. Max. 20 (36F).

N. Wales, N.W. England, L. District, Isle of Man.

Scattered snow showers with bright intervals. Max. 10 (34F).

S.W., N.W. and N.E. Scotland.

Glasgow, Moray Firth, N. Ireland.

Wintery showers. Max. -10 to 30 (30-37F).

Outlook: Cold with snow showers and severe frost.

BUSINESS CENTRES

				Midday	Yday
Amsterdam	C	15	27	Manila	S 20 28
Antwerp	C	15	27	Medan	S 20 28
Bombay	C	15	27	Moscow	C 10 22
Buenos Aires	C	15	27	Mumbai	C 10 22
Calcutta	C	15	27	New York	C 10 22
Canton	C	15	27	Osaka	C 10 22
Cebu	C	15	27	Paris	C 10 22
Colon	C	15	27	Rangoon	C 10 22
Hankow	C	15	27	Seoul	C 10 22
Hong Kong	C	15	27	Singapore	C 10 22
Kobe	C	15	27	Sourabaya	C 10 22
London	C	15	27	Tokyo	C 10 22
Lyons	C	15	27	Yokohama	C 10 22
Manila	C	15	27		
Medan	C	15	27		
Moscow	C	10	22		
Mumbai	C	10	22		
New York	C	10	22		
Osaka	C	10	22		
Paris	C	10	22		
Rangoon	C	10	22		
Seoul	C	10	22		
Singapore	C	10	22		
Sourabaya	C	10	22		
Tokyo	C	10	22		
Yokohama	C	10	22		

HOLIDAY RESORTS

to	S 12	54	Jersey	Su	2	38
to	S 11	52	Las Palmas	S	19	58
to	C 17	43	Locarno	F	2	57
to	C 17	43	Malaga	F	2	57
to	C 17	43	Moscow	F	2	57
to	C 17	43	Maita	R	19	51
to	C 12	53	Mairobi	S	24	73
to	C 12	53	Nairobi	S	24	73
to	C 12	53	Nairobi	S	24	73
to	C 12	53	Nairobi	S	24	73
to	C 12	53	Nairobi	S	24	73
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